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IMPLEMENTATION OF THE JOBS PROGRAM

HEARING

BEFORE THE

SUBCOMMITTEE ON
SOCIAL SECURITY AND FAMILY POLICY

OF THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

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IMPLEMENTATION OF THE JOBS PROGRAM

MONDAY, FEBRUARY 26, 1990

U.S. SENATE,
SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY,
COMMITTEE ON FINANCE,
Washington, DC.

The hearing was convened, pursuant to notice, at 10:02 a.m. in room SD-215, Dirksen Senate Office Building, Hon. Daniel Patrick Moynihan (chairman of the subcommittee) presiding.

[The press release announcing the hearing follows:]

[Press Release No. H-10, Feb. 20, 1990]

FINANCE SUBCOMMITTEE TO HOLD HEARING ON IMPLEMENTATION OF THE JOBS PROGRAM

WASHINGTON, DC—Senator Daniel Patrick Moynihan (D., New York), Chairman of the Senate Finance Subcommittee on Social Security and Family Policy, announced Tuesday that the Subcommittee will hold a hearing on the Job Opportunities and Basic Skills Training Program, an education and training program created through the Family Support Act of 1988.

The hearing is scheduled for Monday, February 26, 1990 at 10 a.m. in Room SD-215 of the Dirksen Senate Office Building.

Chairman Moynihan said, "The Family Support Act of 1988 was the product of a quarter century of effort to redefine our nation's welfare system. Our intent: to change what was primarily an income maintenance program with a minor job training component—AFDC—into a job training and education program with an income maintenance component—JOBS."

"Twenty-seven States now have JOBS programs. Fifteen of these States began JOBS over six months ago. This hearing will give us a chance to learn how these States are faring, and how the JOBS program is being run at the Federal level," Moynihan said.

OPENING STATEMENT OF HON. DANIEL PATRICK MOYNIHAN, A U.S. SENATOR FROM NEW YORK, CHAIRMAN, SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY

Senator MOYNIHAN. A very good morning to our spare but all the more welcome audience. We are here to discuss the consideration of poor children today, so naturally, there are only a few persons in the audience, but they are all the more welcome for that reason.

Let us begin the subject. This is a regular meeting of the Subcommittee on Social Security and Family Policy, and we are here to discuss and hear about the implementation of the JOBS program. Let us, in what I would hope would be a more regular practice, begin our Monday morning with a reading from The Federalist Papers, which I think all Americans might well know. This is from Madison, Number 62, Verse, the fourth. It is on the utility of the Senate:

"A good government implies two things: First, fidelity to the object of government, which is the happiness of the people; secondly, a knowledge of the means by which that object can best be obtained. I scruple not to assert that in American government, too little attention has been paid to the last."

He did not know it, but he was talking about evaluation. He did know what he was talking about; he just didn't have the term. It is evaluation that we are dealing with today, as a subject not new to our thoughts, but it is new to social science and social policy in that you could almost identify institutions that take to it easily by the time they were established in our government.

It would be just almost a quarter century ago that that most distinguished member of this committee, Senator Abraham Ribicoff of Connecticut, held a hearing to ask about how things were going, how all of the Administration's programs were going to be enacted and the legislation was going to work out. I came to suggest that we ought to establish an office of evaluation research in the Congress or, alternatively, that the GAO should focus more on evaluation.

Senator Ribicoff was most responsive to that, as he was responsive to ideas whenever they came throughout his most distinguished career. In the end, it was judged that it would be best if the GAO performed this task. They have done so very well indeed, especially under the regime, if that is the term, of the present Comptroller General, Mr. Bowsher.

Still, it is an idea—that we must evaluate our actions—that does not come easily to American government. It doesn't come easily to any group where there is an exercise where you have to be held accountable for your deeds.

Two things in this morning's press strike me. The first is an article by Hans Ziesle, who is Professor of Law Emeritus at American University Law School. In the Washington Post, he writes an article called, "Monitor the War on Drugs." It says, "We are now spending $10 billion a year on the war on drugs and what are we getting for it?" What indeed. We haven't even fried a kingpin, if you want to put it that way, which at the very least, we were promised.

But he recalls that in 1973, Governor Rockefeller from New York, enacted some very Draconian drug laws which were designed, in the phrase at the time, "To frighten the drug users out of their habits and the drug dealers out of their trade." The effort was monitored by the Drug Abuse Council in cooperation with the Bar of the City of New York. This is what they found, and I am quoting henceforth:

"One: Neither heroin use nor drug-related use declined in New York State. Two, with the new law they have temporarily deterred current use. There is, however, no sustained reduction of heroin use after 1973. And three, serious crime often associated with heroin users increased sharply between 1973 and 1975. The rise in New York was similar to increases in nearby states."

He is suggesting in that context that if we are going to spend $10 billion a year on the matter, we might do some measurement, as well as moralizing. Again, there is an old rule that you never know any subject until you learn to measure it. Sometimes you don't learn then either. But still, I am going to introduce legislation on this—legislation to monitor the effects of Air Out, dry efforts.

I am also going to introduce legislation on another set of goals.

The President, in the State of the Union Message, set forth a series of educational goals, and the Governors, at the Governors conference, adopted them yesterday. It was a large event, 21 specific objectives for reaching the national education goals by the year 2000. Never before had the President and the Governors gotten together and set educational goals.

But the goals they have agreed to achieve by the year 2000, as far as I can tell, are unachievable. I can't imagine that they will be achieved. They say that we will lift the high school graduation rate from 72 percent to at least 90 percent; reduce adult illiteracy from 12.5 percent to zero. Make every school free of drugs and violence. And then it also says that by the year 2000, the United States will be first in the world in mathematics and science achievement.

Now, that comes under the heading of an official lie. [Laughter.]

If you think that, you will think anything. If you will say that, you will say anything. How could our government, how could the President's people ever allow him to say that in the budget message? It was not a deliberate untruth, but an untruth. It is unattainable. No such change in status has ever been recorded.

If the President said, "By the year 2000, what do you say we try to get somewhere close to the level of Canada," perhaps that would have been realistic.

In the President's budget message it shows a bar chart showing where we are now, and in the bar chart, Hungary is first in science achievement and we are last. Cultures endure. You can't stop Hungarians from learning physics. Even 40 years of Marxism could not stamp it out at the University of Budapest. [Laughter.]

Why did people let the President say that, when it is not true. It can't happen. Well, we are going to start measuring. I will introduce legislation requiring an annual report on our progress towards these education goals. Some of us will be around in the year 2000—I am sure some here—and we will then proceed to see what happens.

Today, we are here to measure the progress toward the implementation of major legislation enacted in 1988 to change the nation's welfare system and to put in place a set of incentives, a set of mutual obligations that will redefine a relationship. This relationship was never properly defined in the statute, because it had never, in fact, existed. There is a striking fact about our nation which is different from that of any other democracy we know: before reaching 18, one-third of our children will be paupers. That is an old word for an old condition, which means to be penniless, which means to be dependent, which means to be, in our terms, on welfare.

One-third of American children will be on welfare before they are 18, which means they will have declared themselves before the State as being utterly without the means of support. Actually, children will not have done this; their parents will have done this for them, but it comes to the same thing.

That is a subject that has troubled us for a quarter of a century, from the time it first came into our KEA, if you like that word. In

October of 1988, President Reagan adopted and signed the Family Support Act, a measure that had gained the bipartisan support of the whole of Congress and the support of the Administration.

I am happy to say that we have here Rikky Baum, who is one of our associates, Margaret Malone and Miss Barnhart, three valiant associates in that enterprise.

It is correct today to ask how are we doing. There is something important about that legislation which is that it is based upon experience evaluated by research. The 1980s saw quite a surge of experimental efforts in the welfare field, openly experimental in State governments. They ranged across the nation, from the liberal Democratic administration of Michael Dukakis in Massachusetts to the conservative Republican administration of Governor Deukmejian in California. They had no particular party; Governor Kean in New Jersey, Governor Clinton in Arkansas, and places like that.

They had the proposition that there would be a changed environment for welfare and for work, and that it would be understood that there is a mutual obligation here. It would be, first of all, understood by the population involved that work was a wholly-acceptable and presumed objective.

What we called welfare had begun in the 1930s in the Social Security Act as a widow's pension. It was meant simply to provide for the children of deceased male parents, that being the pattern of work in that day. In 1939, mothers became eligible, as well.

A half century went by, and this was not a program for widows; it was a program for young mothers. In time, half the work force, or almost, thereabouts, was made up of women. It was known and accepted for women to be in the work force. Our objective was to make that possible for welfare mothers.

We judged a number of things, and we will hear about them this morning, but at the heart of the argument was a mutual obligation that individuals have the right to be supported in adversity by the State, and in return, have an obligation to emerge from that adversity. Simultaneously, as regards children, male parents, if absent, had an obligation of support.

We built into our legislation, the kind of evaluation on which the program is based. We said we were doing this on the basis of studies. Studies based on experimental design, with control groups and such like. We have basically done it at the Manpower Demonstration Research Corporation in New York, and Dr. Gueron is going to be testifying before us later on.

We have said we are going to follow how this is done, and we would hope by the year 2000 to have something to show—hope. At least we will have something, or we will know something about what is happening.

This is a new condition for social programs of this kind. AFDC is a product of the Social Security Act. We have the Social Security Administration, which has been a curiously isolated one. It lives up there in Baltimore. It didn't change anything; it didn't hire anybody or fire anybody for fifty years as far as I can tell. It did very well what it set out to do, which is to collect money and pay benefits but never was very interested in work.

William Raspberry wrote a very powerful column in this morning's Washington Post about the effect of Social Security on minorities. I won't say he is right; I won't say he is wrong, but I will say a great confluence of the Social Security Administration won't know the answer either. The issue hasn't raised.

In The Social Security Amendments of 1983, we did ask that there be a study of the effect of extending the retirement age on persons with physically demanding jobs, which begins around the year 2005. I think around the year 2005 we start adding two months a year for 6 years until we reach the retirement age of 66. Then, in the year 2022, we repeat this until we reach the retirement age of 67. Margaret Malone nods knowledgeably.

So, we called for a study of the affect of our legislation. Still, here we are trying to begin a tradition or to establish a tradition of evaluation as we go. We have done so, because we have legislated evaluation.

I had hoped to have before us today the Assistant Secretary of Health and Human Services for Family Support, but there is no such person. Fifteen months have gone by, and nobody has been appointed. More importantly, no one has asked why no one has been appointed. We are still in that pattern of, "Pass a bill; that is it; you did it; now what is next?"

But Madison knew better, and Madison said, it is one thing to have the happiness of the people in mind in government, but a knowledge of the means by which that object can best be obtained is also important.

That is the subject today, and we are honored to have before us a man who will serve in the place of the Assistant Secretary for Family Support, the Assistant Secretary for Planning and Evaluation of the U.S. Department of Health and Human Services, Mr. Martin Gerry, who has had a genuinely distinguished career. This is his third administration in this field of implementation, in evaluation and in the general area of the problems of children and youth. He has practiced with Mudge Rose, I believe, in New York, and has had a thoroughly eminent career, hardly over, just begun. Welcome, Mr. Secretary. Would you come forward?

While you do so, let me ask that I indulge; I ask the group to understand I don't normally take 20 minutes to open, but I thought there might be some other members arriving. Sir, you are accompanied by?

STATEMENT OF MARTIN GERRY, ASSISTANT SECRETARY FOR PLANNING AND EVALUATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES, ACCOMPANIED BY HOWARD ROLSTON, ASSOCIATE ADMINISTRATOR, PROGRAM EVALUATION, FAMILY SUPPORT ADMINISTRATION

Mr. GERRY. Mr. Howard Rolston, who is the Associate Administrator for Program Evaluation from the Family Support Administration, is also available to answer questions.

Senator MOYNIHAN. Mr. Rolston, we welcome you this morning.

Mr. GERRY. Thank you, Mr. Chairman. Mr. Chairman, before I begin, since you quoted from Madison, I have to do two things. I have to first say that as the direct descendant of a leading anti-Federalist, Elbridge Gerry, that I probably——

Senator MOYNIHAN. Of the gerrymander?

Mr. GERRY. Yes, yes, Mr. Chairman. [Laughter.]

Senator MOYNIHAN. You are in the wrong body, sir. You should be on the other side, but you are safe here and you have been given sanctuary so long as you stay here.

Mr. GERRY. Thank you, Mr. Chairman. In the best spirit, however, of political amiability, Elbridge Gerry was also James Madison's Vice President, and ultimately, after the ratification of the Constitution, must have seen the wisdom of Federalism, so programs in that spirit——

Senator MOYNIHAN. No, sir. He saw the opportunity for patronage. We know something about Mr. Gerry.

Mr. GERRY. If one could see the Vice Presidency in those terms, I could agree with you, Mr. Chairman. But let me say that it is a particular pleasure to be here today, and this is my first testimony before the Senate. It is a particular pleasure to testify before this Subcommittee and particularly before you, Mr. Chairman because of the longstanding respect and admiration that I have for you and for the enormous contributions that you have made to the well being of American families and certainly, the evolution of American social policy in general.

I welcome the opportunity to appear before the Subcommittee today to discuss the Department's progress in implementing the Job Opportunities and Basic Skills Training program, a central priority of Secretary Sullivan's and of the Department's. We share with you, Mr. Chairman, the belief that, through the collective efforts of States and local agencies, service providers, HHS and other Federal agencies and the AFDC clients chosen to participate, the JOBS program can and will be effectively implemented and evaluated.

Through that process, it is our hope that AFDC families will be offered consistently the true opportunity to secure a better life through personal and economic self-sufficiency. The Department is strongly committed, and I can assure you that I am strongly committed, to working towards this goal.

Mr. Chairman, with the Subcommittee's permission, I would like to summarize the balance of my written comments and submit a copy of my written testimony.

Senator MOYNIHAN. Yes. All testimony will be placed in the record as if read, and then you proceed, Mr. Secretary, exactly as you wish.

Mr. GERRY. Thank you, Mr. Chairman. In the fall of 1988, Congress passed and the President signed the Family Support Act of 1988, landmark legislation designed to reform the nation's welfare system. One major component of the Family Support Act is, of course, the JOBS program, a program specifically designed to assist families to achieve self-sufficiency.

Before turning to a more detailed discussion of the JOBS program, I think it may be important to note that this program must be viewed ultimately in the overall context of the sweeping changes made by the Family Support Act as a whole.

These changes, of course, included the strengthening of the Child Support Enforcement Program through such initiatives as immediate wage withholding and mandatory support guidelines, the provision of child care and medical assistance, both while individuals are receiving cash benefits on AFDC and when individuals make the transition to economic independence.

Only by working on all of the aspects of the Family Support Act, I believe, can we accomplish the goal or most effectively accomplish the goal we have set forth in providing an environment in which individuals and families will truly be enabled and supported to become and remain economically self-sufficient.

Mr. Chairman, for the next few minutes I would like to briefly discuss the current status of JOBS State plan development and implementation and then summarize the Department's efforts to effectively monitor State plan implementation, provide appropriate technical assistance to State and local agencies, and evaluate the overall impact of State implementation of the JOBS program.

When Secretary Sullivan took office last spring, he made implementation of the Family Support Act one of his top priorities. Under his direction and after extensive consultation with States, tribes, and a wide variety of interested groups and individuals, the Department issued the final JOBS regulation on time. In announcing the proposed JOBS regulation last April, Secretary Sullivan encouraged States to move forward with the JOBS implementation.

Fifteen States implemented the JOBS program effectively on July 1st, 1989, which was the earliest date permitted by law. As of today, 27 States—a total of 27, so the original 15 plus 12 more—and 46 American Indian and Alaskan native grantees are offering approved JOBS programs. Five additional States have submitted plans to begin JOBS programs on April 1st of this year. That would bring the total to 32 States.

Senator MOYNIHAN. Thirty-two. So we are well past the two-thirds mark, or at it.

Mr. GERRY. We are close to it, yes, Mr. Chairman.

Senator MOYNIHAN. I didn't hear you. When will that take place?

Mr. GERRY. The five additional States will be operating as of April 1st.

Senator MOYNIHAN. So we are there. In nine months, we have two-thirds.

Mr. GERRY. Approximately.

Senator MOYNIHAN. Not bad. Not bad.

Mr. GERRY. All States and up to 80 more tribal grantees will have programs in effect by October 1st, 1990, the deadline set by the statute.

Senator MOYNIHAN. You say all States, because in the absence of that, there are penalties?

Mr. GERRY. Yes. That is correct, Mr. Chairman, in the statute, and we have also, of course, been in contact with each of the States and have attempted, in those contacts, to be sure that the States have are least on track to completing the development of that.

Senator MOYNIHAN. I don't want to interrupt you, but this won't work if we don't talk to each other.

Mr. GERRY. Certainly, Mr. Chairman.

Senator MOYNIHAN. Have you ever heard of a State called New York?

Mr. GERRY. Yes, Mr. Chairman. I am even a member of the Bar of the State of New York.

Senator MOYNIHAN. You are a member of the Bar with Mudge Rose. Have you seen any progress there?

Mr. GERRY. I know you are much more familiar than I, Mr. Chairman.

Senator MOYNIHAN. No, I am not. I am seeking information. This is an informational hearing. I can't find out what is going on.

Mr. GERRY. Let me tell you what I know, and perhaps Mr. Rolston will have more detail, but I know that there has been an ongoing—well, the politest term would be discussion, but another term would be debate or disagreement between the Houses of the New York Legislature considering the scope of the JOBS program.

Senator MOYNIHAN. Mr. Rolston?

Mr. ROLSTON. Yes. As we understand it, there are a number of issues that still have not been resolved in the Legislature in terms of the extent of the mandatoriness; the role that volunteers would play; and the relationship between how the program would operate for AFDC recipients and recipients of home relief, (this obviously, would not be JOBS, per se, but in many States, the programs for the general assistance program in the State are coordinated with the program for AFDC recipients.)

Senator MOYNIHAN. Can I just make the point that last October, when we were wrapping up on our first session, the Senate Finance Committee had passed a measure—the House didn't agree to it, but we didn't really debate the matter—the Senate passed a measure that said if you don't have these JOBS programs in place on October 1, 1990 you lose all welfare assistance under the Social Security Act. Are you aware of that, Mr. Gerry?

Mr. GERRY. Yes.

Senator MOYNIHAN. I hope you pass that word on. It is indicative of the mood down here.

Mr. Rolston, you know that?

Mr. ROLSTON. Yes.

Senator MOYNIHAN. It is meant to concentrate the mind.

Mr. GERRY. I don't think, Senator, that we have any doubt that responsible New York State officials understand that requirement.

Senator MOYNIHAN. Good.

Mr. GERRY. Let me say, just to return to my Statement, that over the next few months, we will, of course, continue to work hard to assist States, obviously, including New York, and tribal grantees in drafting their JOBS plans and in the review and approval of those plans. We have been, I think, working quite effectively and expeditiously in reviewing and approving plans, so that if the plans are finished, we have really significantly improved the turnaround time to evaluate them, and that shouldn't pose, a problem itself.

A review of the currently operating JOBS programs shows, I think, several really encouraging trends and trends which reflect a serious State commitment to combat long-term dependency and encourage economic self-sufficiency.

For example, most States have elected to implement their programs on a Statewide basis from the start, even though, of course, the statute allows for phased-in implementation until October of 1992. I think that is very significant, Mr. Chairman, in terms of not only the number of States, but the significant number that have, from the start, moved to Statewide implementation.

For example, most States have also offered three or four of the optional JOBS program components, even though only two are required by the statute, so we have also seen some States that have elected to expand the program beyond the statutory minimums.

Turning, if I can, to monitoring technical assistance and evaluation, it is clear that the Family Support Administration has been and will continue to be active in monitoring implementation of these State plans, providing technical assistance on both plan development and implementation and the conduct of a series of important evaluation studies.

FSA monitoring of implementation of States' JOBS plans will begin next month—that is the formal monitoring effort—through the initiation of a series of in-depth field reviews of JOBS programs implemented on or before the first of this year. So that would be the 27 States that had implemented either before or as of January 1st.

In addition to providing a wealth of information, these field reviews are an important means of establishing a mutually productive and positive working relationship on an on-going basis between the Department and the States. One important objective of monitoring activities is the early identification and solution of problems encountered during the initial implementation of the program.

A second equally important objective is the identification of promising initiatives which can be shared with other States through a program of technical assistance. One thing I have noticed in nearly 20 years here, Mr. Chairman, in the last ten working with State agencies, is the remarkable lack of communication, often, among States in terms of the initiatives and the experiences. It is a valuable role, I think, for the Federal Government, many times, to simply help the States share information effectively. So we see that as an important goal.

Together, I believe the information collected through this two-pronged monitoring activity will help the Congress and the Department and the States improve the program and make changes if changes are warranted by our experience. We don't at this point see those changes. but I think as the States work through—this is obviously a very complex law—work through the details of implementation, we will learn a lot from that process.

Senator MOYNIHAN. Is it too complex a law?

Mr. GERRY. I can tell you from my experience, Mr. Chairman, with other laws, and I have had a lot of experience with the Education for the Handicapped Act, for example, which many would say is a very complex law. Of course, we started under that law with very few programs in place, and the States have done a remarkably good job, I think, of understanding the law and of implementing it.

When you look at the Social Security Act as a whole, I don't think the Family Support Act stands out as an uniquely complex law. I think it is one that we certainly have done a lot of work with technical assistance, as I was about to mention, in helping the States to understand it, but I think it is certainly understandable, and I don't think the problem, if there is a problem, lies particularly with that requirement.

I think it is a question of how, in a variety of different local settings, because the States do vary so much in terms of government structure and demography, the provisions will actually work. We are learning from that.

Senator MOYNIHAN. So if a State is having a problem, it is not just because it can't make heads nor tails of the regulations or the statute behind it?

Mr. GERRY. I think that is right, Mr. Chairman. We certainly have been providing technical assistance on the family support provisions to many groups.

Senator MOYNIHAN. Do you think of any State that has said, "We would do it if you could explain to us what we are supposed to do?"

Mr. GERRY. No.

Senator MOYNIHAN. You haven't?

Mr. GERRY. No, Mr. Chairman. Technical assistance is a primary way in which the Federal government can help the States in a cooperative effort to combat dependency and make the promise of self-sufficiency a reality for many families now living in poverty. Coordination between the JOBS program and other existing programs is essential at both the State and local levels.

Equally important to effective technical assistance is coordination at the Federal level. I have been interested in problems of Federal coordination throughout my whole career, because it is talked about a good deal and often not accomplished.

Senator MOYNIHAN. It sure is talked about.

Mr. GERRY. We have a lot of paper that has been written and not too much action, but I can say that in the drafting of the proposed JOBS regulations, the Department did establish a truly close working relationship with the Departments of Education, Labor and the Interior. Secretary Sullivan personally discussed the program with Secretary Dole and Secretary Cavazos on several occasions, and these occasions did culminate in the signing of an interagency agreement between the three departments to pool their resources to provide over $7 million in technical assistance to the States over the next 3 years.

One test of the effectiveness of agreements is——

Senator MOYNIHAN. Whether there is money.

Mr. GERRY [continuing]. Whether there is money; that is right, and here, the money has, in fact, been pooled. I think this collaborative technical assistance effort will form the centerpiece in an on-going effort to help States and tribes implement JOBS by commiting the three Federal departments to coordinate all technical assistance activities related to the program.

Coordination of these efforts will also increase the effectiveness of our efforts to enhance capabilities among the different Federal, State, tribal and local agencies to promote model programs and to increase public awareness.

In addition to providing technical assistance under this agreement, the Department will continue to work extensively with individual States to address their specific needs. I want to make clear that the Technical Assistance Agreement represents an important part of what we are doing but certainly not all of what we are doing. We certainly are working directly with States that have questions as they come up and dealing with the individual needs of States, as well as the more general strategies.

As part of this individual effort, several of our regional offices are planning activities for the spring that include conferences on JOBS marketing, coordination with education and labor organizations and the volunteer community.

Let me turn, if I may, Mr. Chairman, to evaluation. I know it is a subject of particular interest to you. I can say that a major part of the Department's overall responsibility under the JOBS program and the one in which my office will probably be most directly involved is the evaluation of the effectiveness of that program.

Senator MOYNIHAN. You are going to have a continuous relationship, your office, with the program. Is that built into the job description or is that part of some compact?

Mr. GERRY. Yes. It is a combination. My job description says that I am responsible for coordinating and overseeing all the Department's——

Senator MOYNIHAN. Coordinate, that word.

Mr. GERRY [continuing]. And overseeing all the Department's evaluation activities. I can't say that every Assistant Secretary has done that with equal vigor in every area. I can assure you that I am very interested in this evaluation and that my office has been involved very closely with FSA and will stay involved closely with FSA.

Mr. ROLSTON. If I could?

Senator MOYNIHAN. Mr. Rolston?

Mr. ROLSTON. I just want to say that the JOBS evaluation that we are undertaking is a joint partnership between the Family Support Administration and the Assistant Secretary for Planning and Evaluation. It has been planned by both of us; we both have our money in it, and we consider it really to be a full joint effort.

Senator MOYNIHAN. Do you have in mind setting any goals? Do you have in mind any time tables or regular report you could cover with this Committee? We will hold a hearing for you once a year, if you would like.

Mr. GERRY. If I can, I can talk a little bit about it, and, of course, you have witnesses later on who can talk in even more detail about the first major formal evaluation of the JOBS programs in ten sites, which will conducted over the next eight years by the Manpower Demonstration Research Corporation.

I can at least give you an idea of the status of reports there. I know that there are annual progress reports due under that contract.

Senator MOYNIHAN. Will you think of, rather than give us detail, will you think of some way you can tell the Congress what happened?

Mr. GERRY. Certainly.

Senator MOYNIHAN. Do that over the weekend. Once on the first of October or the 4th of July or whatever tell us, because you have to get our attention. The fact that you have to tell us will concentrate your minds.

Mr. GERRY. Yes.

Senator MOYNIHAN. You have to work against some time.

Mr. GERRY. Just to be sure I understand, Mr. Chairman, because I want to get a sense of what you are asking me. Would it be helpful to the Subcommittee if we, on a regular basis, and we could set a schedule jointly from our offices, submitted a report to you telling you as of that date what we know about the projects?

Senator MOYNIHAN. Yes. Just what do you know?

Mr. GERRY. I would be happy to do that, Senator.

Senator MOYNIHAN. We will arrange to have an annual hearing, if you like; more often than that, if you like. This is something we just care about and we know it is out there, and we can't really reach it unless you come to us.

Mr. GERRY. Perhaps one way to do that, because insight rarely occurs in a linear fashion, would be to establish perhaps an annual report, and then if we have some important piece of information that occurs significantly in advance——

Senator MOYNIHAN. Breaking news, why, bring it up. Yes. The year goes by. Will you think about it? You are going to get a colleague one of these days, FBI willing. [Laughter.]

Mr. GERRY. And the Senate, Mr. Chairman.

Senator MOYNIHAN. And the Senate. The Senate will be willing, I assure you. We are delighted with the prospect and think of that, and is there any way to make goals performance measures that you would really like to say, "We would like to be here by then?" Or is that something we don't do very well?

Mr. GERRY. I would be happy to think about it. I would like to talk with MDRC after the hearing.

Senator MOYNIHAN. Yes. Will you talk with MDRC?

Mr. GERRY. I plan to, and I would be happy to, particularly about this matter.

Senator MOYNIHAN. We had an idea. This is 1990. We are in a situation which is a scandal. I mean, it is a scandal among nations that one-third of the American children are paupers before they are 18. We are not going to be first in physics. But must we be first in pauperdom by the year 2000? Don't think it is going to happen by the next congressional election, mid-term elections, but ten years is more than half the life time of a child. I just ask you to think about that.

Mr. GERRY. Certainly. I will think of that seriously.

Senator MOYNIHAN. And think historically. Have there been any precedents that we set out to do this or have done that and done it by a certain point? There are some things, I think.

Mr. GERRY. I think there are, too, Mr. Chairman.

Senator MOYNIHAN. I feel them.

Mr. GERRY. Congress has established some reports under statutes where this kind of change and this type of sweeping change has occurred, and we can take a look at those and try to see if we can come up with a fairly firm idea of the structure and a schedule and come back to the Subcommittee.

Senator MOYNIHAN. As long as you don't come back and say, "There will be no welfare dependency by the year 2000."

Mr. GERRY. I wish it were true.

Senator MOYNIHAN. Sure.

Mr. GERRY. I want to just say that I certainly share, having worked for the last five years at OECD, that it is a very uncomfortable situation to be an American when you visit other countries who do so much of a better job in dealing with the elimination of poverty for children then we have.

Senator MOYNIHAN. Could I ask you, Mr. Secretary, is it not the case that of the OECD countries, in terms of the incidence of pauperdom among children, we would be at the bottom?

Mr. GERRY. I am sure we would be. If not at the bottom, we would be very close to the bottom, Senator.

Senator MOYNIHAN. Which would be another?

Mr. GERRY. Portugal, perhaps.

Senator MOYNIHAN. Portugal, in terms of dependency on the State?

Mr. GERRY. I don't know.

Senator MOYNIHAN. Or the standard of living?

Mr. GERRY. Certainly in terms of standards of living, but I am not sure it would be both.

SENATOR MOYNIHAN. Yes. We can distinguish between standard of living and dependence, can't we?

Mr. GERRY. Yes, we can.

Senator MOYNIHAN. I mean, the standard of living in Massachusetts, when Mr. Gerry was redesigning the congressional districts, was probably not as high or certainly not as nearly as high.

Mr. GERRY. Actually, they were State legislative districts.

Senator MOYNIHAN. Gerrymander. The situation up there switched. But in the State of Massachusetts, the per capita income was not much higher than Bangladesh today, I would think.

Mr. GERRY. I am sure that is true.

Senator MOYNIHAN. But there was not a great deal of dependency.

Mr. GERRY. That is also true.

Senator MOYNIHAN. As a matter of fact, people wouldn't even recognize a great deal of poverty.

Mr. GERRY. No. I think groups are usually described as middle class, although your estimate of the salary or the income by today's standards is certainly accurate.

Senator MOYNIHAN. Let's just get that in our head. Massachusetts probably had a per capita income in real material terms somewhere like that of Bangladesh today, but it did not have our problem of dependency. That is what we have to knock out of the certain kind of categories, I think.

I am sorry, sir.

Mr. GERRY. Let me just say that the central purpose of the MDRC study is it forces us to learn the difference that jobs make in the lives of individuals participating in JOBS programs in the ten selected sites. To determine the nature and extent of this impact, specific outcomes, such as employment earnings, AFDC participation and educational attainment, will be measured by the study.

One important result of the study will also be an assessment of which groups of welfare recipients benefit the most from the program and which JOBS components appear to accrue the most benefits. The study, I am also happy to say, will also analyze, in selected sites, the effects of JOBS on the children of the individuals directly receiving the job or services. I think that is an important part of the overall process which we have recently confirmed with the contractor, and that is very helpful.

Let me just say in conclusion that making the JOBS program and its promise of self-sufficiency a reality for families living now in poverty is a challenging task, and the Department is proud to be involved in this important effort in partnership with the Congress and the State and local agencies and other Federal partners, tribal grantees and a wide variety of job service providers, and most of all, with the JOBS program participants. I think it is very important.

Sometimes I see lists of partnerships that seem to not mention the people themselves.

Senator MOYNIHAN. Yes.

Mr. GERRY. They are receiving AFDC benefits. Without their involvement and support, the program obviously isn't going to work. Let me just say that working together, I believe we can offer thousands of families a much better hope and perhaps the best hope in generations for achieving the goal of self-sufficiency.

On behalf of the Secretary, I would also like to express our thanks to the members and staff of the Committee for their continued interest in the successful implementation of the JOBS program. We do look forward to working with you throughout the implementation and evaluation of this very important program, and I will try to respond as quickly as I can, to you, Senator Moynihan, in terms of this process of reporting periodically on progress.

[The Statement of Martin Gerry appears in the appendix.]

Senator MOYNIHAN. Take your time. You are going to have a new colleague. You will want to talk about that with her, and come up and have coffee with us, if I could put it that way.

Two things, sir: The first is to say that I hope we will be able to have a similar hearing on the subject of child support. Connecting those two things, you will recall in our legislation, we have, for the first time ever, a provision where young males who are the fathers of children who are dependent and are paying no child support can be trained to work to provide a self-sufficiency that enables them to do what their responsibility is. We hope and I hope to see some of those programs.

I hope my own State would rush forward, but my own State does not. I hope some other State does. Do you happen to know of any that has done those? There are five such programs, aren't there, in five States?

Mr. ROLSTON. There are five. We are planning to have an announcement to States. Since it is limited to five, we felt that it was only fair that everybody will have a chance.

Senator MOYNIHAN. You will not announce more than four in the hope that the great State of New York might come along and the Social Security Act will be introduced in New York, but you have two. You don't want to tell us who they are?

Mr. ROLSTON. There are no States that have done that under that authority. Previously, under our other broad demonstrations in Section 1115 of the Social Security Act, we had provided that authority to the State of Florida. That State is just beginning to implement something.

Senator MOYNIHAN. Under the previous 115.

Mr. **Rolston**. Right, under the previous authority, but under the specific authority of the Family Support Act, we think this is a very important opportunity, like you do, Mr. Chairman, and we are hoping to have a real quality set of demonstrations that we could really learn something from.

Senator **Moynihan**. Good. Can I say in that regard, and this is to be against the sort of tone in which I spoke earlier, that that is not going to happen in ten years. Over the weekend, I read with certainty resignation but I was pleased to read that the Department of Defense has gone back and evaluated that Project 100,000 that Secretary McNamara began in 1965. I think I can legitimately claim to have been part of the beginning shall we say, the etiology of that exercise.

This begins on the 2nd of July of 1963. I was sitting in my office in the Department of Labor, where I had a job not very different from yours, Mr. Secretary, but I had nothing to do, because nothing was happening over there. I happened to read—since when you have nothing to do, you read the morning paper—I read the Washington Post, and there was a little story that the Director of the Selective Service, a gentleman who served the country, General Hershey, was to submit his report to Congress for the fiscal year that would begin July 1 and end June 30.

He had found that half the draftees called up had failed the Armed Forces mental test or the physical test or both. It occurred to me that my God, we had a loss of half the American youth going right there, and nobody was paying any attention to it. It turned out there was a doctor over at the Pentagon who had been studying it for years and wrote an annual study on the health of the Army, but we knew nothing about it.

I took this via the Secretary of Labor to the White House and said, "Here is our chance to make our case. When half the eighteen-year olds can't serve in the Army, you have got a problem, don't you?"

President Kennedy agreed, and it was provided that on the 1st of January we would report to him. By the time we issued the report, he was dead, but we reported to President Johnson, who got very carried away with this. He was very impressed.

Look, here is the ever faithful David. Here is a copy of it, "One-Third of a Nation." There is no television in the room, so I have no hesitation to say there it is, "One-Third of a Nation," and it was recorded that young men were found unqualified for military service.

This was the date. It was the President's Task Force on Manpower Conservation. Mr. Willard Wirtz was Chairman; Robert McNamara, Secretary of Defense; Anthony Celebreeze, Secretary of Health, Education and Welfare, and Lieutenant General Lewis B. Hershey.

What we found is that one-third of all young men in the nation turning 18 would be found unqualified if they were to be examined for induction into the armed forces. Of these, about one-half would be rejected for medical reasons; the remainder would fail through inability to qualify in the mental test.

What I found in this matter was an absolutely staggering depiction of the nation in a sense that I don't think ever got absorbed.

This was the data we had when we began the war on poverty. The data was this: That if you don't think government makes a difference, take a look at the difference between jurisdictions.

There were some States in the High Plains where the incidence of the failure on mental tests was about the incidence of retardation in a large population, such that if you had any lower rate, you didn't have a mental test, you had something else; you are flipping coins or something such as that, and there are other States where the failure rate was 25 times as great for the same test.

A State like New York had twice the mental rate of failures of a State like Rhode Island, and we don't know why that is, but we border one another. There is a line down the Long Island Sound. The way you behave yourself has a consequence for your children, in North Dakota, they teach them, and in other places, they don't.

Mr. GERRY. Mr. Chairman, let me just say that on your point about young black males, I have spent the last five or 6 years working with juvenile justice populations, both in New York and in the District of Columbia. I was at Riker's Island. I have been at juvenile detention facilities in the South Bronx. Obviously, as you know, a lot of those young men are the non-custodial parents of the children on the program. I spent a good deal of time looking at the educational programs that are offered, and I have to say that I certainly strongly agree with your observation that the kind of program offered by the JOBS strategy is much more likely to have a significant effect than the contemporary education strategies that have been used by the justice system.

Senator MOYNIHAN. Something makes a difference, and I looked recently at a report on drop-outs and the drop-out rates, and oh, my God. I mean, I don't remember, the drop-out rate, 25 years after One-Third of a Nation are the same pattern we found in 1965. Guess who is number one, who has the highest graduation rate in the nation? Minnesota. Who is 46? New York. Where do you hear all the talk from? New York. We have got to reform, change, radicalize. Nothing has changed.

On the other hand, you have to just take priority. This kind of difference in performance suggests that the way you organize your lives and raise your children makes a difference.

Mr. GERRY. Yes, I think that is right, Senator. I would only have to say that I think that, and I certainly don't believe that government at any level can altogether solve all of these problems.

Senator MOYNIHAN. No.

Mr. GERRY. I realize that distinction, but I was just going to say that we could do a substantially better job of integrating, coordinating and looking at children in holistic ways rather than through the relatively fragmented approaches, that we approach most children with under the systems that we have now. That is true at every level of government.

Senator MOYNIHAN. The thing here is that, again, and I say there is no television in the room, so I am not trying to get on CBS, that this report, One-Third of a Nation, is what led to Project 100,000, and I gather all I know is what I read in yestrday's Post, that there has been a very careful evaluation and it is a very bearish one. Did you happen to read it?

Mr. GERRY. I saw the interview.

Senator **Moynihan**. We have to look at it. You look at it. Mr. Celebreeze was very much interested in this.

Mr. **Gerry**. I took notes while you were talking about it.

Senator **Moynihan**. Why don't we send you a copy of that? It is fascinating stuff. Nothing changes over 25 years.

One question for your testimony. You said one of the guidelines, one such area involved young custodial parents defined as parents under the age of 20. It says here, "Jobs are going to play a preventive as well as a remedial role. For the most part, this segment of the overall population, nearly 50 percent at any one time, may be characterized as including indigent drop-outs from high schools who become parents when they are teenagers."

About 50 percent of the AFDC population at any given time is in this custodial category?

Mr. **Rolston**. It is not that it is in this category, but it was at one point in that category. It is actually a fairly small segment at a point in time.

Senator **Moynihan**. But it stays in longer.

Mr. **Rolston**. Right. Right. Maybe people are now 25 or 30.

Senator **Moynihan**. But had been.

Mr. **Rolston**. Right.

Senator **Moynihan**. I have got you. Give us a number on that. Show us that number, will you, that phenomenon, whether it is 10 percent that have increased but 40 percent or 50 percent have occupants or what-have-you.

Mr. **Rolston**. I would be happy to provide that.

Senator **Moynihan**. Senator Chaffee had a question on a matter that concerns him very much, which is the Teen Care Demonstration project, and he has given us a written question which I would like to ask you to look after. Give us an answer to it.

Mr. **Gerry**. I would be happy to do that.

Senator **Moynihan**. We would like to know a little bit more about the technical assistance. Sir, we thank you very much for your testimony. We thank you for staying with this subject. I don't think there is a person in the Federal Government more experienced than you. The public never says its thanks very well. It certainly never said its thanks for working in a field like this, but this Subcommittee would like to say thanks.

Mr. **Gerry**. Thank you very much, Mr. Chairman.

Senator **Moynihan**. We look forward to hearing from you again. You will think about a schedule?

Mr. **Gerry**. Yes, Mr. Chairman.

Senator **Moynihan**. We thank you.

Mr. Rolston, we welcome you, sir, and we look forward to the day that you have a member of the subcabinet with which to work. Again, thank you, Mr. Gerry.

Mr. **Gerry**. Thank you.

Senator **Moynihan**. We are now going to hear from Mr. Cesar Perales, who is, of course, the distinguished New Yorker, Commissioner of the New York State Department of Social Services, and this year, chair of the APWA National Council of State Human Service Administrators.

In that connection, in Albany, the University at Albany has published a very fine work penned by Richard P. Nathan, who helped

Governor Rockefeller in his time and President Nixon with the family assistance plan on the new bargain between work and welfare. I would like to place this careful evaluation of the Family Support Act and its background in the record at this point.

[The report appears in the appendix.]

Senator MOYNIHAN. We welcome you, sir, and will place your Statement in the record as if read, of course.

STATEMENT OF CESAR A. PERALES, COMMISSIONER, NEW YORK STATE DEPARTMENT OF SOCIAL SERVICES CHAIR, APWA NATIONAL COUNCIL OF STATE HUMAN SERVICE ADMINISTRATORS

Mr. PERALES. Thank you. Good morning, Senator. Let me first thank you on behalf of the States for holding this hearing, and we express our appreciation. I might harken back to the Federalist Papers on your fidelity to the principles underlying the Family Support Act and your fidelity and continued quest to ensure that children are not forgotten as we make social policy in this country.

Let me assure you that the commitment on the part of State administrators to welfare reform remains strong. You have often cited this as a program initiated by the States.

Senator MOYNIHAN. Yes. Yes.

Mr. PERALES. That commitment remains. It was validated again for me during a two-day session that I convened in my capacity as Chair of the National Council of State Human Service Administrators, at a two-day session that was convened last November. We had, I think, interesting and lively discussions about the challenges that implementation presents and the opportunity to assist families and children to achieve the self-sufficiency that is offered by the Family Support Act.

I am pleased that my full Statement will go into the record. Let just spend my time this morning to focus on——

Senator MOYNIHAN. Take your time. You represent 50 States, and I am sure some are commonwealths.

Mr. PERALES. Let me focus on three issues. The first is on [illegible] implementation of the Act; the second will be child care; and the third, the participation rate requirement.

You have already heard from the Assistant Secretary regarding the number of States that have opted in that are already participating. The APWA conducted a survey of all of the States. I won't repeat the information you received about the numbers of States already participating.

Senator MOYNIHAN. We have that information of Secretary Gerry that 32 States will be on board.

Mr. PERALES. Exactly. I was going to report that, but you already have that. Let me just say the reasons that remaining States have delayed implementation vary. For some, budgetary considerations are a factor; for some others, there has been a need for their legislatures to act.

I think you know that in New York, a State about which both you and I have very special concern, we have had a frustrating impasse between the two houses.

Senator **Moynihan**. We don't know, Dr. Perales. Maybe you will tell us. New York is the leading welfare State, or one of the leading ones, and there has been no account that has reached Washington of what is going on.

Mr. **Perales**. Let me explain.

Senator **Moynihan**. Is what is going on in New York a problem of the other 18 States? There are 32 States that got through this pretty readily. Is it a mixture of things, can you suggest, money here, budgetary there?

Mr. **Perales**. Yes, for other States obviously have had a variety of reasons, but some other States, I think, faced the need to go to their legislatures to get legislative change. I think what happened in New York is particularly troublesome in that we have two houses of the legislature that rarely agree on anything.

In fact, as you may recall, you were very helpful to us in getting some child support legislation past. We have great philosophical differences between our State Senate and our Assembly, and those differences have expressed themselves in some strong disagreement on how the Family Support Act JOBS legislation should be implemented in our State.

Quite frankly, I expected the legislature to act during the last session. I was very, very disappointed, as was Governor Cuomo, when the legislature decided to go home before they had finished all of their business.

They returned this January. We are making progress and trying to find compromise between two houses, but there are still differences, and I think Howard Ralson alluded to a couple of them: The fact that you have one house that insists that it be volunteers who first participate and the other emphasizing those who would not volunteer; differences even to seeking changes in home relief legislation as a condition for passing the Family Support Act. That has been a problem; questions even about the degree to which post-secondary education would be allowable, one house thinking that 4 years of college ought to be a right and the other saying no one should go to college as part of the JOBS legislation. There are clear philosophical differences.

Senator **Moynihan**. I don't call that a philosophical difference. Come on. How many years of education are you entitled to?

Philosophy is a big word.

Mr. **Perales**. It is how one perceives the role of a welfare system. That is what I was alluding to. But again, I can report to you at this moment that there is significant progress being made.

Senator **Moynihan**. Let me ask you the question. How many States have this sort of dissension?

Mr. **Perales**. I don't know that. I can't speak to all of the other States, Senator.

Senator **Moynihan**. Are we the only one? There are 18 that will not be around. Find this out. There are 18 that will not be on board on the 1st of April. Is Puerto Rico, Guam, are they coming on board? Does anybody know?

Mr. Bishop, do you know these things?

Mr. **Bishop**. No, I don't.

Senator **Moynihan**. We will find out. Is ours a unique problem, in which event, maybe nothing could be done down here, or is it a problem that Texas is having and some others are having that we should maybe work at? Who are the other States? Are there any other States having New York's problem?

Mr. Perales. Not that I know of.

Senator Moynihan. We are alone?

Mr. Perales. I know of no other State that is having these particular problems.

Senator Moynihan. We will check out Texas before I get some trouble from the chairman. Texas is not among the States. So we don't have a generalized problem. We have a New York problem, as far as you know.

Mr. Perales. That is true.

Senator Moynihan. We are special.

Mr. Perales. Yes.

Senator Moynihan. We have about 1 million abandoned women and children on welfare, don't we?

Mr. Perales. We have, at this point, less than 1 million.

Senator Moynihan. Nine hundred sixty-three thousand?

Mr. Perales. Something like that. I think we have succeeded in reducing the rolls over the last five or 6 years, I think primarily, that is a reflection of the strength of the economy for a number of years in the northeast generally.

Senator Moynihan. What is the demography? I looked at those numbers. You said dramatic decline. It wasn't dramatic at all. The size of families was down, which means the age of entry or the age of starting families is down. What is the demography of it?

Mr. Perales. The number of cases, not the number of families, the number of cases has dropped significantly, about 14 percent. That is a significant drop.

Senator Moynihan. That is half again what it was in 1968.

Mr. Perales. What is half again?

Senator Moynihan. Half again as many cases as you had in 1968.

Mr. Perales. The number of cases we have now is the lowest we have had in the last 21 years, I am told.

Senator Moynihan. The last 21 years?

Mr. Perales. Yes.

Senator Moynihan. Well, 337,000; it could be. Yes, I think you are absolutely right. It goes back to 1970, we had 340,000. I simply make the point, though, that I think statistically, we haven't had any changes. It just hangs in there at one-third of one million.

Mr. Perales. No. No. We peaked at about 1984–85.

Senator Moynihan. Yes, it is at 373,000.

Mr. Perales. The drop that I referred to has been a drop in the last several years, since the early eighties.

Senator Moynihan. We went from 373,000 a peak in 1985; it has gone down by 50,000. Am I right? No; 40,000-some, but it has been hanging at one-third of one million cases for a quarter of a century. I don't know. It is possible.

Mr. Perales. It may not be seen as dramatic, but we took some pride in putting in place a number of programs.

Senator Moynihan. We blame you when it rains; take credit when the sun shines. Life is hard enough.

Mr. Perales. Let me just say, if I might continue on behalf of the States——

Senator Moynihan. Please.

Mr. Perales. That at this point, nothing suggests that language in the legislation will affect the States' ability to provide services on a Statewide basis by October 1, 1992. As you know there has been an option to phase in New York as well as at least five of the other States that will come on board on October 1, and will put in programs that are Statewide in nature, and I think that is an important fact to consider.

Let me turn, if I might, to the child care question. While States plan to use a variety of methods to guarantee this very essential service, surveys by both the HHS Office of the Inspector General and the Children's Defense Fund found that there was a lack of available child care slots in many areas of many of the States.

In the interest of time, I will defer to the CDF and MDRC, who will discuss the regulatory restrictions on the use of funds for the recruitment and training of child care workers, as well as the monitoring and licensing of providers.

I encourage you, however, to monitor the developments around the availability of child care very, very closely. We don't want to see large numbers of individuals unable to participate in JOBS because we don't have that child care infrastructure that is so necessary.

It is interesting that you read a great deal about the plight of the middle class as more as more women go into the work force in finding child care. JOBS implementation will increase that competition for the limited number of child care slots. The unavailability of the slots may very well hamper what we all agree is such an important reform of our welfare system.

While we are not recommending any changes, merely——

Senator Moynihan. At this point.

Mr. Perales. [continuing] at this point, it is merely a cautionary Statement that we will ask you to follow that.

Senator Moynihan. Good.

Mr. Perales. I would now like to relate a concern many States have expressed over the hourly participation requirements included under the final regs for the purposes of determining the implementation rates required by the Act. The States are generally pleased that the definition of participation was modified in the final regulations to allow averaging of individuals participating less than 20 hours with individuals participating more than 20 hours.

But some States are concerned about the impact on their ability to design programs that are both responsive to the needs of individuals and that account for varying economic conditions.

One example, simply, that I have heard most is the fact that as States choose to focus on the hardest to serve——

Senator Moynihan. Which is what the statute requires.

Mr. Perales. Exactly.

Senator Moynihan. And you know, of course.

Mr. Perales. We will find that some of these individuals who are hardest to serve may, for example, need drug rehabilitation while we try to engage them in preparation for work. That will necessarily limit the amount of hours that they may participate in work-related activities.

Senator **Moynihan**. Sure, and obviously, you have Mr. Gerry and others, people who understand that. We understand that.

Mr. **Perales**. Yes.

Senator **Moynihan**. We don't understand a lot down here, but we understand things like that.

Mr. **Perales**. One of the things that the States are concerned about is, obviously, that we are going to have to keep track of a number of things that we have not had to keep track of before, and be subjected to some auditing and oversight on the part of the Federal Government.

Senator **Moynihan**. Let's not have oversight become paperwork, though, will you? If you think that is happening you will tell us, won't you?

Mr. **Perales**. Again, I am here to express or to make cautionary comments.

Senator **Moynihan**. Welcome and so noted.

Mr. **Perales**. Among the things, let me just say, to give you a better picture of how complicated this can become for some of us trying to administer the programs, we have to spend 55 percent of our funds on the target groups. We know that we have got to average 20 hours of participation. We know that to count someone that person has got to participate in 75 percent of the course requirements, that is, every month, attend 75 percent of the classes at a minimum.

Keeping track of all of these things is going to be extraordinarily difficult.

Senator **Moynihan**. Will you, when the profession which you represents sir, a very honorable one, begins to think this is overwhelming, the object of the program, you will tell us?

Mr. **Perales**. Yes. I guess what I am saying now is that it is going to take us at least some time to be able to put in place the systems to keep track, as well.

Senator **Moynihan**. Don't put them in place at the expense of the object of the program.

Mr. **Perales**. Exactly.

Senator **Moynihan**. The object of the program is the children.

Mr. **Perales**. Those are the comments I was about to make. To have this focus completely and have all of our resources, human resources as well as financial resources developing computer systems, all of the focus on keeping track of all of this will rob us of the energy and attention that we need to advance the purpose of the Act.

Senator **Moynihan**. There are two points here, and I think you would agree with them, that there is such a thing as just a mindless kind of institutional recordkeeping, and there is such a thing as having standards which you have to meet because you ought to meet them.

I think you can read the morning paper, and I see in the Navy that we no longer have any exercise in boot camp because they resigned. In the old Navy, you did, and you had ten hours a day or ten hours a afternoon or ten hours a week or whatever but ten hours of what you needed to do. It was just a way to plan the day.

It is a different thing from paper shuffling. You need ten hours of this; you need twelve hours of that. Do you follow me?

Mr. **Perales**. Exactly. Certainly, the States have no intention of resigning. We wanted to volunteer in this program. I think what I am saying is that there is always a fear, a fear that we have developed over quality control and a variety of other things in which there are standards and audits conducted, ex post facto, and then suddenly, you are facing disallowances and a variety of things because you may not be able to prove that you are doing these things.

Senator **Moynihan**. Oh, yes. I know where you are heading and where you are coming from as far as that rate.

Mr. **Perales**. Yes. That is a concern. I know I am not subtle, but that is exactly what we fear.

Let me just focus in closing on the family living standard which was proposed by the APWA in our report *One Child in Four.* As you know, we called for a study of methods to develop a national minimum welfare benefit to assure that families and children receive adequate support to meet their basic needs.

Last year Congress appropriated funds for FY 90 for the Family Support Administration to initiate certain demonstration projects under the Family Support Act. We hope you will join us again in encouraging the Family Support Administration to provide funding to the National Academy of Sciences to conduct a study of a new national system of welfare benefits as authorized under the Act.

Again, I appreciate the opportunity to testify today. We hope you will continue to schedule hearings in the future, as it is essential that interest in the Family Support Act does not wane as implementation of the act continues over the next several years.

[The prepared statement of Cesar A. Perales appears in the appendix.]

Senator **Moynihan**. All right, sir. Let's hold it right where you are. If we can, on a national standard, I think it is time that the association took up this cause. You have done it. You have done it. Help me. The reference that you just made was that, do we have something in the Act that has or provides that we study this proposition?

Mr. **Perales**. Yes.

Senator **Moynihan**. The National Academy of Sciences? You learn something every day, because certainly, there is a new book coming out at Harvard on the subject. There is a paper published on this in the American Political Science Review in the current issue of the APSR I found very compelling.

I think we really should think of ourselves, if we are to do a good job at family assistance, by the end of the decade, we would have made the case for a national program.

We had a national standard, of course, in the Family Assistance plan, and that was rejected, by and large. The grounds for which it was rejected are well known. I won't go into them, but I do make the point, and I think you will agree, that it was little noticed but that the Family Assistance plan was an effort to establish, and among other things, it established national standards and the standards were set for the children, for the aged, for the blind and for the disabled, and we got a national standard and a guaranteed income for the aged, the blind and the disabled.

Benefits for children have dropped by one-third in the median State since this city was filled with very confident people—you don't see them around any more—who knew that the family assistance plan wasn't enough and they would get much, much more the following year. They got nothing. The children got cut. There is a saying, around the criminal courts in Brooklyn, "A lawyer always goes home." The people who thought it wasn't enough for the children went home and the children got one-third less.

But the idea of moving to a national standard, it is certainly time we did that.

Mr. PERALES. Exactly. We do appreciate your support.

Senator MOYNIHAN. I am going to reach over and ask the secretary, Mr. Secretary, there is no nation in the OECD, otherwise that has provincial standards for welfare and child support?

Mr. GERRY. I think that is fair.

Senator MOYNIHAN. We are way behind this curve.

Mr. GERRY. We are meeting with the National Council next week, and we are trying to move expeditiously on this. We agree with its importance.

Senator MOYNIHAN. Good. I will get you the name of the person who has the book coming out. That is good. One child in four was your estimate of the number of children who are——

Mr. PERALES. Who were born into poverty at the time.

Senator MOYNIHAN. That is right, at the time, at the one time. Over time, sir, it surely is one-third.

Mr. PERALES. Yes.

Senator MOYNIHAN. Yes.

Mr. PERALES. So we have learned.

Senator MOYNIHAN. I did those numbers and published them in 1982, and Brookings says plus or minus. It would be very useful if someone down at HHS could get us a decent estimate of what our longitudinal or what the lifetime experience is of American children. I am sure it is one-third. You know it is one-third, if it is one-quarter at any moment. It has to be.

I think a national standard is absolutely in order, but I think we have to win the confidence of the people. It is a very rare thing that we got last year. We got a very rare thing, and we have to show that we care about it. I know you do.

Mr. PERALES. I agree. Let me just say, as you commented before, the very reason that we in New York made such a to do about the fact that our welfare rolls had been lowered is a fact that, I think, the public believes that no matter what happens, no matter if there are jobs in the economy, no matter what happens, people are not going to take those jobs and go off welfare.

It was not just to toot our own horns; it was an effort to communicate to the public in New York that people would go off welfare if we worked with them, assisted them and there were jobs in the economy. That was the very reason we went public.

Senator MOYNIHAN. Not the worst reason, not the worst reason. Tell me about child support in New York. Has New York City commenced to record the names of the parents of children?

Mr. PERALES. They have to now, as you know.

Senator MOYNIHAN. I know they have to, but do they?

Mr. PERALES. They are beginning to do that.

Senator MOYNIHAN. They are beginning to do what the law requires.

Mr. PERALES. Exactly.

Senator MOYNIHAN. That is a beginning in New York.

Mr. PERALES. It certainly is. Let me make some comments. I heard you say some things that I feel compelled to respond to. Among them is that we at APWA have also written to President Bush expressing our concern about not having an Assistant Secretary.

Senator MOYNIHAN. You will get one.

Mr. PERALES. Yes. We are hopeful. At the same time, you also mentioned the fact that there is a demonstration program for five States to participate in which will allow us to be involved with the absent fathers, the non-custodial parents of the children on AFDC. New York is very very interested in participating.

As you know, we have what we consider to be the only true alternative to AFDC experiment going on now, which we call CAP. That we are doing it because of you getting special legislation for us and Tom Downey in the House. We think that in order to make that truly a complete experiment, we would like to offer assistance to young men who come forward.

Senator MOYNIHAN. It sits there and awaits you.

Mr. PERALES. It does relate directly to the point you are making about the absent father and the fact that New York City, for example, has absolutely no idea of who the parents are for most of these children. I think if there were a carrot as well as a stick, that carrot being some assistance in getting help and jobs, it could go a long way in addressing the particular problems that we have in the inner city.

Senator MOYNIHAN. I thank you very much. Let's start a countdown to the year 2000, a national standard by the year 2000. But I think your absolute point is we have to let it be understood there are things at work. We are at work, and we are going into a period of a labor shortage. We have everything going with us except for New York. But you are going to change that.

Mr. PERALES. You will have New York.

Senator MOYNIHAN. All right, sir. Thank you very much, and our respects to the Association. We look forward, as always, to hearing from you again, sir.

Mr. PERALES. Thank you, you.

Senator MOYNIHAN. Now to discuss the situation on the ground, we are going to have a panel of Mr. Dennis Boyle, Deputy Director of Management Systems and Evaluation in the Department of Social Services, Sacramento; Mr. Robert Cecil, Director, Bureau of Employment Services, the Department of Social Services in Michigan; and Dr. Greenwell, Douglas Greenwell, who is Director, Division of Family and Children Services, Department of Human Resources in the State of Georgia.

We welcome you gentlemen, directors all directors. Just follow our pattern of Mr. Boyle first since he is listed first.

STATEMENT OF DENNIS J. BOYLE, DEPUTY DIRECTOR, MANAGEMENT SYSTEMS AND EVALUATION DIVISION, STATE DEPARTMENT OF SOCIAL SERVICES, SACRAMENTO, CA

Mr. BOYLE. Thank you, Senator. It is good to see you again. I was here last May, and I am very pleased to report we have made even better progress during the past nine or ten months than we had made prior to that.

Senator MOYNIHAN. Have you now? Let's hear it.

Mr. BOYLE. One of the things that we have done is that we have successfully implemented the JOBS program. We worked very closely with the Department of Health and Human Services and made the necessary modifications or designed the necessary modifications to our GAIN program and were successful in getting it through our legislature.

I want you to know that I saw something in HHS that I was very pleased to see. We had every opportunity during that time for not making the deadline of July the 1st to get the program implemented. As bureaucrats, I know we have a tendency to look for safe ways out for reasons why we can't do things that we want to do. In this case, HHS, both the Central Office staff and the Regional Staff in San Francisco, were exceedingly helpful to us in focusing on the goal of getting the JOBS program implemented.

Instead of finding reasons why we couldn't do things, they were active partners in looking for ways we could accomplish things, and it paid off. It paid off very well.

Senator MOYNIHAN. That is nice to hear. If anybody in the room present can take note of that, the San Francisco office should be told. That is good.

Mr. BOYLE. That is the San Francisco office and the Central Office, as well.

Senator MOYNIHAN. If you praise anybody, they are so overpraised here in Washington— [Laughter.]

Senator MOYNIHAN. [continuing] That it would go to their heads.

Mr. BOYLE. I want to be sure to say that, because I would like that continued cooperation as we talk about some of the remaining difficulties in getting the program implemented.

A couple of things about GAIN, a couple of things about our successes over the past nine or ten months. The program now is in effect throughout every political subdivision in the State of California.

Senator MOYNIHAN. Every?

Mr. BOYLE. We have 58 counties, ranging from some very small ones to some exceedingly large ones. The GAIN program is successfully operating.

We have registered well over 200,000 people to begin their way through the program.

Senator MOYNIHAN. Two hundred thousand?

Mr. BOYLE. Well over 200,000 people have been registered. Of that number, we have had something in excess of 50,000 people who have gotten jobs. Of that number, about 15,000 people, something in excess of 15,000 people, have both gotten jobs and gotten off the welfare roll.

We have many, many thousands more, tens of thousands more that have begun.

Senator **Moynihan**. Ring a bell.

Mr. **Boyle**. There are many thousands more that have begun to make progress in various areas of education, either working on their basic education in pursuit of GED or high school vocational training. There is a lot going on in California.

There are a couple of things, though, as we progress that put us in danger of looking away from the goal of breaking the cycle of welfare dependency. Mr. Perales had referenced at least one of those things.

Participation requirements. We need to talk seriously about the participation requirements, both as they are laid down in the law, and more importantly, as they have been regulated.

We have, as you know, a history in California of trying a number of different approaches to welfare reform into employment. We tried an experiment in our second largest county some time ago that was just recently evaluated by Dr. Gueron, MDRC. It was called our SWIM project. It was essentially a work incentive model.

Senator **Moynihan**. Yes.

Mr. **Boyle**. Our intent there was to put together a program that was designed to get the maximum number of people participating, exactly the same thing as the participation requirements are designed to get at.

I want to make sure that the results of that very important study aren't overlooked. I have heard them discussed before, and we missed some key points. In this project, designed to get the maximum number of people participating, you will hear that we were successful in getting something like 55 percent of the welfare population actually participating in a component. That sounds like a big number.

But we need to take a look at what that means. That includes everyone who had participated at any point in time, and we know that we were able to do a really good job of identifying them, because we had very, very sophisticated tracking system in place.

We had people who were very experienced in running welfare programs, administering programs, who could manage those tracking systems.

That 55 percent figure, if we were to do nothing more than apply what we have in the new regulations to count participation rates, we wouldn't be looking 55 percent.

Senator **Moynihan**. It wouldn't even make the 7 percent is what you say.

Mr. **Boyle**. It wouldn't make the 7 percent.

Senator **Moynihan**. Okay.

Mr. **Boyle**. It is because we are so interested, I think, in making sure that we have high participation, in defining carefully what that high participation is, we have lost site of the goal of the program; we have lost sight of the fact that we are interested in breaking the welfare dependency cycle; we are interested in getting people to work.

This SWIM project that would not, in my opinion, have met even the 7 percent requirement under the Federal rules was, in many instances, one of the most successful, in some instances, the most successful welfare reform work program initiative in the nation. That is something that we ought not to lose sight of.

Senator MOYNIHAN. What are we going to do about it? How can we help you?

Mr. BOYLE. I think that the problem is solveable regulatorily. I think that HHS can look at the facts before them; they can look at the experience of SWIM and the other programs that we have had. They ought to be able to work with the States and come up with a reasonable way of counting participation, one that keeps in mind the goal of the program.

Senator MOYNIHAN. I see Mr. Cecil nodding. I don't know if that is in agreement or what, but we keep hearing this problem. Now we know that we want to work at this, right? Mr. Perales who speaks for all of you wants it to work; you speak from the one-quarter of the population of the country or of the world who lives in California want it to work. We haven't got the census returns in yet.

Mr. BOYLE. One hundred percent sometimes. I think it is extremely important for HHS to recognize that those rules are simply not workable and they need to revisit them.

Senator MOYNIHAN. Mr. Rolston?

Mr. ROLSTON. Yes, sir?

Senator MOYNIHAN. You heard that?

Mr. ROLSTON. Yes.

Senator MOYNIHAN. Those rules are simply not workable.

Mr. ROLSTON. Do you want me to respond?

Senator MOYNIHAN. Yes. Come up.

Mr. ROLSTON. We don't know whether they are workable or not in some important sense, since we haven't worked under them yet. But there are a couple of points I would like to make.

One is that I think the States can certainly be proud of many of the efforts that existed in the eighties, programs like SWIM, which, as a matter of fact, was a project that we provided funds for and sponsored. A great deal was achieved, and we learned a lot about these programs.

At the same time, it is not as if welfare was somehow reformed in the eighties and now we are only happily viewing it after the fact, that although a lot of progress was made, there is a long way to go.

I think that one of the things that is suggested by the research of the eighties is that if we are to really deal with welfare dependency over the long haul, we have to work with the more disadvantaged individuals.

Senator MOYNIHAN. Okay.

Mr. ROLSTON. We think that they require a more intensive service.

Senator MOYNIHAN. That is what the statute says.

Mr. ROLSTON. Right.

Senator MOYNIHAN. Fine. I just wanted to say, thank you very much, and you know each other's names. [Laughter.]

You obviously know.

Go ahead, Mr. Boyle.

Mr. BOYLE. We are anxious to work with HHS on this, because I think that they have shown us in the past that they can take a practical approach to problems given the opportunity, and I have appreciated that in implementing jobs, and I am looking forward to working on this problem, in particular.

Another linked problem that we are working on with HHS, and I hope we make much greater progress than we have to this point, and that is tracking and reporting the systems. I commented to you last May about the tremendous difficulty that we would have in meeting the reporting requirements, but we made some progress.

You might recall I told you that the paperwork they were going to demand from California was going to fill Federal warehouses. That is no longer the case; they are looking for a much more reasonable number of cases to be reported to them.

But we still have a problem of a compelling need to gather too much data, too much information to probably limited purposes. As an example, we have long-range goal, HHS's long-rage goal of reporting certain kinds of information to them, but their feeling a need to demand interim reports from us to fill up the space from last October forward. In some instances, we can meet their requests. We want to provide them with all the information that reasonable administrators need to run a program, but we are in danger, here again, of diverting resources from managing a program unreasonably into reporting systems for information that is just going to sit around.

HHS is working with us on this. I have a fear that this is the kind of thing, and even my own staff services people, when we were putting together this testimony, talking about what we ought to say, they came to me and they said, "You have got to talk more about this relatively minor thing," and I looked at them, and it is very important to them, my own people, and I know to the people in HHS, the ones that keep track of the numbers, those numbers are exceedingly important to them, but we need to keep that in the context of the overall program.

I need to remind my people of it, and HHS needs to keep that in mind, as well. We need information to run the programs, but we don't need information that is going to cause us to——

Senator MOYNIHAN. Fill warehouses.

Mr. BOYLE. Exactly. A couple of other things that I will just mention. A problem in the law, I believe, when it was debated, we need to target the populations that we are serving. California is committed to serving those most in need.

The way we go about tracking that, however, is very, very difficult from a bureaucrat's point of view, from a technical point of view. The rule in the law that we spend 55 percent of our resources on targeted individuals is very difficult to track. That is something we might want to talk about in the future.

Senator MOYNIHAN. Recorded; noted.

Mr. BOYLE. It is much easier to talk about the number of people, the kind of people who are being served as opposed to tracking dollars through all the components that we have.

One final thing that I would like to mention is child care slot development. Mr. Perales had mentioned that previously, as well. In California, to this point, we have not had a problem in finding child care for all of the GAIN participants. It has been available, but as we build our program, that need for child care is going to continue to build.

We really do need a way to pay reasonable costs for locating and developing new and necessary child care. Child care, in addition to education, is one of the key points of the GAIN program and one of the key points of the JOBS program, and if it is not there, we don't have a program. We have got to have that.

Thank you for the opportunity to speak to you.

[The prepared statement of Dennis J. Boyle appears in the appendix.]

Senator MOYNIHAN. We have got some red lights now. We want to keep after those, and we are all going to pay attention to these issues. Mr. Gerry has been taking notes very carefully.

Mr. Cecil, we welcome you, sir.

STATEMENT OF ROBERT D. CECIL, DIRECTOR, BUREAU OF EMPLOYMENT SERVICES, DEPARTMENT OF SOCIAL SERVICES, STATE OF MICHIGAN, LANSING, MI

Mr. CECIL. Thank you.

Senator MOYNIHAN. What word from the great State of Michigan?

Mr. CECIL. Michigan, as the third largest welfare State, I hope offers some fresh perspectives, but first, I need to support the comments of my colleague from California.

Senator MOYNIHAN. I saw your head going.

Mr. CECIL. Especially in terms of the fact that the regional office in Chicago, Region V, has been very, very helpful to us as we tried to struggle through the JOBS regulations and the implementation of JOBS.

What I would like to do is to provide you with some perspective from Michigan's point of view, an operational perspective, on what we have done, lessons that we have learned, and to suggest some specific regulatory relief that will enable us to be in a better position to serve the persons that are defined by the Family Support Act as hard to serve.

The Michigan Opportunities Skills Training program, the MOST program is and has been since 1984 the employment and training program for the Department of Social Services. We serve an average of 75,000 persons per month. All of the component activities, both mandatory and optional, that are defined in the JOBS program have been in place in Michigan for the past 5 years.

Senator MOYNIHAN. So you would be an example of a State that contributed to the shaping of this Act by your experience.

Mr. CECIL. We would like to think so. The acronyms are very, very similar: Job Opportunities and Basic Skills, and the Michigan Opportunity and Skills Training program.

Based on that experience, though, we have realized that an employment and training program for public assistance recipients must be an integral part of the State's overall economic development strategy.

We take the long-term view that an educated and skilled population is our best resource as we compete in a multinational economy. The MOST program coordinates closely with the State's opportunity system, which is an effort to integrate the resources and services of all the human investment programs of the State, the Employment Service, the JTPA and the education programs.

The purpose is to increase consumer access, to avoid duplication, and to deliver a better-trained, more productive work force.

MOST is Michigan's JOBS program, and we implemented the program in July of 1989. MOST is an employment support and employment preparation program. It is for persons who are likely to have great difficulty competing for scarce jobs. Basic skills, education, and job readiness skills are the keys to labor market success.

Our failure to invest now, to adequately prepare those dependent on public assistance is the equivalent of condemning those persons to life in a permanent economic underclass. We believe that it is by design that the architects of the Family Support Act consistently refer to the terms "education, training, and employment" in that hierarchical order.

Senator MOYNIHAN. At least that is the way it usually happens.

Mr. CECIL. We believe it is not coincidence, but it was by design that those terms were used in that order. We believe it is important to recognize that in order to build a framework for a program that is designed to avoid long-term welfare dependency.

The effect of not educating our most needy may not be felt in the short run. The negative effect may be absorbed by income maintenance programs, but the lost opportunity costs of such a social policy will be the permanent loss of human capacity.

During January of 1990, over 45,000 AFDC recipients participated in our MOST program, just over 20 percent of the total ADC caseload of 210,000. Of these participants, 21 percent were at high school completion and remedial education. When post-secondary education is added, 38 percent of Michigan's MOST participants are in education components.

Senator MOYNIHAN. Post-secondary. We will get back to that whole panel. I heard you.

Mr. CECIL. This program concentration is necessary if the Family Support Act goal of avoidance of long-term welfare dependency is to be achieved, and we need your help.

Over 43 percent of Michigan's JOBS eligible recipients have not completed high school. Sixty-two percent have had no prior experience with employment and training programs. Thirty percent have either had no work history or have not worked in the past 2 years.

For those without diplomas, the average tenure of their previous employment was 8 months. This compares with 12 months for those who graduated from high school, a 50 percent increase in job retention rate attributed to a high school education.

To compound this problem, the lack of education is not the only variable that conspires to prevent the assimilation of ADC recipients in Michigan into our work force. Our clients tend to live in areas affected by structural unemployment. Michigan has been learning for the past ten years that reliance on a monolithic economy cannot survive. Reliance on the auto-related industries has resulted in the loss of thousands of jobs. Diversification is increasing the supply of jobs, but extensive retraining is necessary due to the restructuring of the industrial base.

Our State offers proof for policy-makers of the need to educate and retrain for the jobs of the future. For the people left behind, belatedly chasing a diminishing dream, education is vitally important. Michigan has 390 zip code areas, yet 30 percent of our public assistance population resides in 15 zip codes, mostly areas of industrial decay and decline.

This condition makes for fierce competition for limited jobs and causes the twin handicaps of lack of education and lack of work experience to be almost insurmountable. In an employment and training program, the component of job search is reasonable and necessary, given two preconditions: One, that there are jobs to search for; and two, that the searchers possess the basic interpersonal skills and tools necessary for a successful search.

In the last fiscal year, Michigan spent over $225 million of State funds on adult basic education and high school completion. One hundred sixty-one thousand persons were served through those programs. Almost 23,000 persons were MOST/JOBS participants. This is 14 percent of the total population served. State investment in this program to this population amounted to $31,400,000, State funds that were available to JOBS participants, but, under current regulations, are not eligible for Federal match.

Due to the maintenance of effort and the matching fund regulations, Michigan was able to capture only 40 percent of the JOBS funds authorized by the Family Support Act. If the full allocation were available, each recipient's Federal share would have been $229. Given the limits imposed by the regulations, the actual Federal share for each of Michigan's potential JOBS participants is $92.

Senator MOYNIHAN. Wow.

Mr. CECIL. States that, prior to JOBS, were strongly committed to education, employment and training who had invested and continued to invest in essential employment preparation activities, in human capital gains are being penalized by the maintenance of effort provisions in the Family Support Act JOBS regulations.

Recognition of the State's investment in adult education for JOBS participants would enable Michigan to continue with welfare reform to help our recipients to become truly competitive to assist public revenue consumers to become revenue producers. Recognition of a State's investment as a matching source—and we are not requesting additional funds; only what has been appropriated—would permit us to expand the provision of job readiness skills and life skills in tandem with basic education.

We conducted a major State study which determined that employers seek three sets of skills. One is basic academic skills; two is work place skills; and the third is team work skills. Specific training is usually done by the employer. Among the community of the unemployed, especially those who have never worked, the latter two skills, work place skills and team work skills, may not be implicit values. They need to be taught.

The MOST program within the Department of Social Services works very closely with the education community to assure that life skills and job readiness skills are key components of the adult education programs for MOST/JOBS participants. We have funded operations research projects to demonstrate the value of these particular skills as measured in increased rates of job obtainment and job retention.

We have made curriculum changes, as we develop and implement these programs. Our greatest interest, then, on behalf of the hard-to-serve population in Michigan would be modification of CFR 250.73, which relates to matching funds for the JOBS program.

Many of our programs, however, will not meet the 20-hour per week participation test imposed by the JOBS regulations. We have covered these concerns in our written testimony and would appreciate your consideration in that area.

Senator MOYNIHAN. We thank you, Mr. Cecil, and we have it right here. It is 250.73(a). Have mercy on us all.

Mr. CECIL. We recognize the problems that are caused by the lack of basic skills education in Michigan, and we offer some strategic lessons that have been learned so that they may contribute to the formation of an enlightened State and Federal partnership.

As evidence, we have developed a new State policy, a JOBS/START program, which is a literacy-focused alternative to general assistance that invests in the long-term economic potential of our 18 to 25 year old single adults. This is a totally State-funded program.

Michigan is committed to achieving the goals of the Family Support Act, to help our clients to avoid long-term welfare dependency and to become productive and contributing citizens.

In closing, I have offered my perspective of 20 years as an urban social worker. I have been given a chance to represent to you an often voiceless and often maligned constituency. Daily existence without hope is both brutal and suffocating to the spirit. I fear for the opportunity lost if the Family Support Act does not demonstrate decisively that fundamental educational skills are the foundation for progress.

The development of human potential is the nation's future in a global economy. We need everyone to contribute to their maximum capacity. To accomplish this, we must provide persons with the tools for self sufficiency by investing in human capital. We propose a long-term strategy. To defer investment is to inherit an unacceptable and dehumanizing deficit.

Thank you.

[The prepared statement of Robert D. Cecil appears in the appendix.]

Senator MOYNIHAN. Great.

That was a very powerful Statement, Mr. Cecil. I want you to know it is heard. Not everybody lasts 20 years. We will get back to you in a minute.

Dr. Greenwell, we welcome you, sir.

STATEMENT OF DOUGLAS G. GREENWELL, PH.D., DIRECTOR, DIVISION OF FAMILY AND CHILDREN SERVICES, DEPARTMENT OF HUMAN RESOURCES, STATE OF GEORGIA, ATLANTA, GA

Mr. GREENWELL. Thank you, Senator. I want to also express appreciation from the southern part of the country for the assistance we have received from Federal agencies, both in the Atlanta Office and in the Central Office.

Senator **Moynihan**. That is very nice to hear. We have heard that three times running, and that might help pass the words to Dr. Sullivan

Sir?

Mr. **Greenwell**. We appreciate the opportunity to donate Dr. Sullivan.

Senator **Moynihan**. Oh, that is right. He is on loan. You didn't donate him. He is on loan, and there is no limit on time. I think you would be surprised. I think he misses you.

Mr. **Greenwell**. I also appreciate the opportunity to speak from a State that normally doesn't have an opportunity to provide any kind of leadership, particularly in social programs. Our part of the country has traditionally been very conservative in social programs and has rarely had the opportunity to say we think things might be moving in the right direction or suggest improvements.

We represent a State that has very low public welfare benefits, and so our comments, we believe, about family living standards might have some impact and some concern for the rest of the country.

We represent a State that has high concentrations of population in several urban centers but also a very sparsely populated portion of the State. We can meet the 75–95 participation rule by serving recipients in 54 counties, which would leave 105 counties unserved. So we have some opinions about Statewideness.

Senator **Moynihan**. Let me brag a little, having been to the Atlanta convention. Are those counties above or below the Gnat line?

Mr. **Greenwell**. They are in both directions, Senator.

Senator **Moynihan**. They are in both directions.

Mr. **Greenwell**. Yes. I might also comment on the leadership, which our general assembly has provided in the area of work programs, even though we have not been as progressive in benefit levels as might be desired. Our general assembly did initiate some interest in work programs. Initially it was in the Community Work Experience Program only. They passed State legislation for the CWEP activity.

Senator **Moynihan**. Yes.

Mr. **Greenwell**. After some limited experience in that area, our members did change their mind and implemented a more comprehensive approach, which we believe in many ways meets more of the criteria of the JOBS program than would be expected from a State such as ours. It is called Positive Employment and Community Help, and you would guess that our acronym from Georgia would be PEACH.

Senator **Moynihan**. Right.

Mr. **Greenwell**. In our first 3 years of activity, we began with two pilot counties and then expanded to 18 more. In 3 years of activity, we served over 15,000 recipients, put almost 5,600 of those people into jobs, and reported approximately $17 million in AFDC savings.

Senator **Moynihan**. Good. That is not bad.

Mr. **Greenwell**. We felt very good about those, Senator. We have not served two-parent families in our State prior to this. One of our disappointments was in being shortsighted so as not to recognize that the two-parent options available under the Family Support Act were not available for early implementation. Last year, our general assembly implemented the two-parent option with the 6 months limitation on benefits. We subsequently learned that that part of the Act could not be implemented early and so those funds had to be returned to our State treasury. We are delaying a year that program, which is very important.

Senator MOYNIHAN. Let's see, though. You are talking about AFDCU?

Mr. GREENWELL. Yes, sir.

Senator MOYNIHAN. When is that available under the Act?

Mr. GREENWELL. It will be available in October of this year.

Senator MOYNIHAN. In October.

Mr. GREENWELL. Yes, sir. So we delayed for 15 months serving that population. We were disappointed in that and had hoped that we might be able to secure a waiver to go ahead with those plans. We have been able to convince our general assembly that a combination of support from both parents and from public funds should be utilized to support a family, and so we now subtract all of the income from our standard of need, which we were not paying 100 percent of and still do not. Now we are raising the cap on the earnings and child support in order to allow families to more closely approximate what they would need to subsist rather than to be maintained on very low levels.

Our Standard of Need currently for a three-member family is $414. Our current maximum payment for that same family is $273.

Senator MOYNIHAN. That is kind of hard to hear.

Mr. GREENWELL. Yes.

Senator MOYNIHAN. Thirty percent of the children under six in Georgia are poor.

Mr. GREENWELL. Yes, sir. We have increased that number proportionately.

Senator MOYNIHAN. It worsened in the 1980s.

Mr. GREENWELL. Yes, sir.

Senator MOYNIHAN. Is that a pattern? I think it is. You are just on a bell curve. You are about one standard deviation beyond the mean, but so is New York, isn't it? Thirty percent, four so over time, 50 percent of the children of Georgia will be poor.

Mr. GREENWELL. Yes, sir.

Senator MOYNIHAN. How many will be on welfare, if I can ask?

Mr. GREENWELL. Roughly one-third of those over that period of time over their life time will be on welfare.

Senator MOYNIHAN. About one-third?

Mr. GREENWELL. Yes, sir.

Senator MOYNIHAN. We could use some quick aid to navigation in terms of if it is 25 percent at one time, it is 38 percent over time. It sounds to me as if you are not that far off the national average. You probably think you are, sir. But the national average is not much better.

Mr. GREENWELL. Yes, sir. We have had some good economic growth in our State and a lot of very positive things happening.

Senator MOYNIHAN. That is the combination. So has Michigan; so has New York; so has California.

Mr. GREENWELL. We have that bipolar development.

Senator MOYNIHAN. Bipolar development. You can't get through with it, can you? You just can't reach people. Go ahead, sir.

Mr. GREENWELL. I want to echo the comments of my colleagues regarding the participation rules and the matching funds rules. We have also experienced difficulty in those areas. I think I have illustrated for you that statewideness for us is going to be extremely difficult unless there are some opportunities for us to use generic workers in some sort of cost allocation methodology to serve families instead of having specialized caseloads.

Senator MOYNIHAN. Will you help the Committee on that term, generic workers?

Mr. GREENWELL. Yes, sir. The employee who processes AFDC, food stamp or Medicaid applications or provides some general social services in the smaller counties would also have to be the person who is the case manager for the JOBS clients.

Senator MOYNIHAN. Oh. This is none of my business, but Georgia has too many counties.

Mr. GREENWELL. I have heard that Stated before, but I personally don't publicly espouse that. [Laughter.]

Senator MOYNIHAN. No, no. You are supposed to tell damn Yankees to keep their nose out of your business. We get along on 62 and California gets along. California is larger than New York, but I think you have about 150, right?

Mr. GREENWELL. One hundred fifty-nine.

Senator MOYNIHAN. Yes, sir. That is too many.

Mr. GREENWELL. That is for 6½ million people. We have had some persons whose political careers were shortened by their attempt to reduce the number.

Senator MOYNIHAN. I am sure that is not a big winner.

Mr. GREENWELL. I do believe that there is possibly one contribution that we might make to this discussion, and I will try to focus some attention there. We recognize that the ability to impact the lives of children who grew up in poverty is certainly far beyond the control of the public welfare agency.

As a matter of fact, we probably impact that less than many other State agencies and much of the remainder of the population. So we took the opportunity to utilize the mandates in the Family Support Act to bring into play as many of those other players as we possibly could.

We initiated a planning process with a Statewide Family Support Act committee and brought in as many as we could.

Senator MOYNIHAN. You have a Statewide Family Support Act committee?

Mr. GREENWELL. Yes, sir. We were not able to get the Governor to appoint that committee, so it is our agency that manages that committee. We have received excellent participation from both the public and private sector and the Departments of Labor, Education, Adult and Technical Education and other parts of the enterprise, such as community action agencies, the Job Training Partnership Act, Private Industry Councils and their staff.

We have had wonderful cooperation. We believe that we have better communication between our department and the Department of Education than at any time in the history of our State and it is focused on these issues.

Senator **Moynihan**. Mr. Cecil's point.

Mr. **Greenwell**. We have a new Adult and Technical Education Department, which focuses on vocational and literacy issues. We have expanded so that we have more people being served now through their program than we had in all educational activities 1 year ago. That new partnership is just dramatically increasing our capacity to provide those educational services.

We have a number of local educational projects which bring, in combination, teen parents through the public schools and our agency. We have on-site, on-high school-campus child care projects, teen mother projects, just an enormous number of local initiatives that are focusing on our joint responsibilities.

We believe that the expanded services and the increased communication and coordination is just beginning to pay off. We believe that the participatory planning process is one which takes a lot of time, but we already are seeing results of that, and we believe that our bottom line numbers will be increasing over time more than they are showing up initially because of the tremendous energy we have put into this planning process.

We would like to also comment to you that while we have some goals, some philosophical Statements, some actual long-range plans for reducing the number of Georgia's children who grow up in poverty, many of these will require some changes in our Federal legislation.

We believe that the multiplicity of programs targeted toward economic assistance for the poor create administrative costs and administrative complexities that would better be served by a single set of criteria and a single standard.

We would suggest, Senator, that in the time that it might take us to implement a family living standard for the nation's children and/or some bringing together of some of those programs that we might consider some State-initiated State plans that would combine all of those activities. States would be able to submit those plans for approval by the Federal agencies and allow States to attempt to develop their own coordinated efforts in the area of welfare reform.

We believe, as you do, that Georgia's children are deserving of not living in poverty. We appreciate your national leadership and hope that we can adapt it and use it to help Georgia's children.

Thank you for this opportunity.

Senator **Moynihan**. We thank you, Doctor. I would like to make a general point that we will not open up the bill this year, and you would not want us to, but we will be very open, since this bill came out of this committee unanimously, to making legislative changes if the community wants us to do that, and that community, let it be understood, are the State governments. You just take that message back. This was the Governor's bill, Governor Clinton, Governer Castle. Governor Castle had a task force. Governor Clinton had the energy, but Governor Kean, Dukakis, Cuomo, Deukmejian, and I better watch that one.

So I want to ask you, I hear from you all some concerns. You have, "Don't say we have too many counties." You have, 250.73(a). California seems to get along better, but I don't doubt that you have this whole question of you don't want warehouses full of paper, as you have said very ably last May, sir.

You are going to get an Assistant Secretary. You have in Mr. Gerry, "J", as in Gerrymander.

Mr. Gerry. It is actually Gerry.

Senator Moynihan. Same thing as Gerry in California.

Mr. Gerry. It is Marblehead with a hard "G".

Senator Moynihan. Hard G is Marblehead.

All right, "Gary," and you have a fellow Georgian in Dr. Sullivan.

Work these things out. If you can't work them out, come and tell this committee or tell Mr. Downey on his side. We will try to do it with you. But we want this to work; we figure ten years to a national standard. You have got to have some progress.

I have two questions for you. One is: What are you doing about higher education? Are you providing higher education to people in your plans?

Mr. Cecil. Yes, we are.

Senator Moynihan. Michigan does; California?

Mr. Boyle. California does, too. We provide it to folks who, in some instances, recognize their own needs, and they initiate a program themselves, and to the extent it is a wise one, we permit it under the annual Base and Supportive Services, and we will also do that if an assessment of the individual need indicates that that is the way to go. We do have a limitation of 2 years.

Senator Moynihan. You keep it, in effect, to junior college, generally?

Mr. Boyle. Yes, generally.

Senator Moynihan. That strikes me as very reasonable. What about Georgia?

Mr. Greenwell. Yes, sir, we do.

Senator Moynihan. We have got three out of three.

Mr. Greenwell. I might point out to you that a full-time student would not meet the minimal 20 hours participation. It is only the hours spent in class.

Senator Moynihan. You mean you would have to take five courses or something, and they only allow you three or whatever?

Mr. Greenwell. You would have to be in class 20 hours.

Senator Moynihan. Let's not get dumb.

Mr. Greenwell. That is a pretty heavy load.

Senator Moynihan. Right. I have another question, which is something that came out awhile ago in the Washington Post. I suppose this is a question for Mr. Cecil, but I want the whole panel to deal with it. Professor Geronomis at the Michigan School of Public Health gave a paper to the American Association for the Advancement of Science. I was once Vice Chairman of the American Association of Social Sciences, and I was a member of the board of directors.

The essence of the proposition is that for poor teenagers, having babies might be a "sensible response" to a life of poverty, a finding that challenge long-held ideas about the benefits of trying to reduce teenage pregnancies. These studies on the effect of teenage parenthood suggests that for poor women having babies, "Is probably not a bad option and in many ways might be the most rational response to a bad situation."

Mr. Geronomis says that 7 million teen pregnancies are a symptom of poverty, not a cause. Do you have any thoughts on that? Don't volunteer, but I don't think I should have a hearing of this kind without noting that the American Association for the Advancement of Science is introducing us to a new thought here, a paper given.

Mr. **Cecil**. I think that it may be perceived by persons who are children having children that in the hopelessness of their situation, it is a rational act. I think that our effort or our struggle or our focus has to be on changing a value system which permits that to be considered; that is, having a child and spending some time on public assistance or considering a life of public assistance as an alternative.

I think there needs to be a re-education to the value system which, in many instances, does permit an individual to make a rational judgment. Economically, it is not a wise thing to do. The additional $74, $75 a month that than individual gets from having a child is not offset by even a minimum wage job, but in the instance of the unavailability or the perception of the unavailability of a job or income or employment, often times, it may be misperceived as a rational act.

I think that it is the intent and the effort of a program such as JOBS and the Family Support Act to offset some of those perceptions. That is why we talk about life skills and job readiness and the provision of some of those skills to individuals who are among the community of the unemployed dealing with intergenerational poverty. Persons who don't have inherent work values need to be re-educated if we are going to move them into a life of productivity.

So I guess I am agreeing with the fact that it can be perceived as a rational act but that the perception structure needs to be realigned.

Senator **Moynihan**. Perceived. All right. I found this surprising. Mr. Boyle, Dr. Greenwell?

Mr. **Boyle**. I heard something fairly recently. A local writer for the Post talked about his experiences in living in a community. He reported something very similar to that about teen pregnancies. I think it is amazing what we don't know about our society, about why people do the things that they do. It is amazing the judgments that we make based upon facts that don't have anything to do with the situation we are making judgments about.

I think it is important that with teen pregnancy, the teens in trouble really need to spend time doing things for them. Whether the things that we are doing are the right things or not, we don't have a yardstick to tell.

The only thing that I know to do is to move straight ahead with the new things that we are doing, measure them, see what the effect is.

Senator **Moynihan**. Measure them and see what the effect is. Doctor?

Mr. **Greenwell**. Senator, I think it may be even more commentary on the hopelessness of those young people than it is on their motivation. I think that if you are in that kind of hopeless circumstance that that might be a rational decision.

I think you would at least believe that provided some kind of help.

Senator MOYNIHAN. We will get hold of the study and see if it has any data. I don't know quite what the word "rational" means to children. It is a rational investment, like buy AT&T?

Mr. CECIL. I think often times, it is a chance to have a possession, to have someone that is dependent or someone that is yours, and in talking with young mothers, that is often a reason for having a child.

Senator MOYNIHAN. I believe it.

Mr. CECIL. This is my comment.

Senator MOYNIHAN. But rational? We will see what the University of Michigan School of Public Health has done.

Gentlemen, we want to thank you. Thank you for the work you are doing for your States and for those children, and we are in touch. You know you are in touch with this committee. You can get to us any time. We are going to try to have a cycle of these things, and we look forward to seeing you or one of your associates the next time.

Thank you very much.

Mr. GREENWELL. Thank you.

Senator MOYNIHAN. We are running a little behind. I am thankful for the patient audience and our patient witnesses, of whom the next is Judith Gueron, Dr. Gueron, who is President of the Manpower Demonstration Research Corporation, who is here to tell us about a particular implementation problem that we want to hear about. We welcome the head of the organization that has so much contributed to this legislation.

STATEMENT OF JUDITH M. GUERON, PH.D., PRESIDENT, MANPOWER DEMONSTRATION RESEARCH CORPORATION, NEW YORK, NY

Ms. GUERON. Good morning, Senator. I very much appreciate the opportunity to be here today to talk about JOBS implementation and particularly after the stirring introductions that you made this morning which indicated that the examination of implementation and research is much older than I was aware of.

You are to be congratulated for your early interest in how this very significant legislation is faring. All too often public policy initiatives drop from view when the debates are over.

One of the key points I want to make today is that, with JOBS, implementation will be almost as big a story as the crafting of the legislation and one for which we cannot now confidently predict the ending. Critical choices and challenges still lay ahead.

One reason for this is that JOBS has many messages, reflecting diverse views of the goals and means of moving people off welfare and our incomplete knowledge of what works.

While the authors of the legislation are to be commended for considering lessons from past research in drafting the bill, there is still much that we do not know.

In one fundamental way, JOBS simultaneously pushes States in two directions. It emphasizes education and thus, more intensive services, and it also emphasizes getting more people into services.

Although JOBS represents a substantial increase in Federal funds, it does not provide adequate funds to serve all of those eligible or offer in-depth services to a very large proportion of the caseload. States will have to make hard choices.

Because JOBS is less a single "program" with Federal "requirements" than a vision that encourages States to move in a particular direction but provides broad flexibility, States have responded and will respond very differently.

How are States responding? The first important point is one that you know well: States are beginning from very different places. Some have run large programs and have considerable funds; others are starting practically from zero. This diversity is fundamental. Partially as a result, States are resolving in very different ways the basic choice between covering large shares of the caseload or providing intensive services.

The JOBS implementation story will not only unfold differently across the country; it will also unfold more slowly than many in Washington expect. Evolution is another theme of JOBS implementation, and there are several reasons for this. The first is related to States' commitments to pre-JOBS programs and the fact that many States have built widespread support through the 1980's for a particular model. Early starting JOBS programs do not look radically changed from the pre-existing ones. Therefore, in the short term, JOBS implementation in those States with substantial commitments to JOBS predecessor programs is producing relatively minor revisions with the exception of a more extensive commitment to education and to the provision of child care.

JOBS' administrators and planners in these States, however, are likely to revisit program design and implementation decisions in the future. Iterative or incremental change is likely to be another theme of the JOBS implementation story.

A second reason that implementation is likely to unfold slowly is that, as we have already heard this morning, the statute and the regulations are extraordinarily complex. Let me give you just one example. It is the one you have heard many times.

The JOBS participation rates——

Senator MOYNIHAN. We always come back to that.

Ms. GUERON. —these rates are calculated in a different way from operational indicators that States are accustomed to developing or that have been used in past research. As a result, State officials do not know with confidence how their pre-JOBS programs participation levels compare with the performance that JOBS requires.

To make informed decisions about redesigning or expanding their programs to meet the JOBS participation goals, most State and local planners need to collect and analyze more detailed statistics than they currently have available.

At the same time, they need to help their State legislators, service delivery staff and many other interested groups understand that an eventual 20 percent participation goal may not be as easy to achieve as it sounds and can be harder to reach than the 50 percent rates measured in the research.

Critical implementation decisions can turn on very technical questions of which welfare recipients get to be counted in the numerator and the denominator.

A third reason that implementation should be considered an evolutionary process is related to this type of complexity. The management information systems needed to track and report on participant activity are generally not now in place. Furthermore, development of these systems will take a long time; 2 years is optimistic. While this might be considered primarily an issue for Federal oversight, it is important to stress the management in management information systems. State and local administrators will eventually depend on these data, too.

In our work to date, we have observed few if any States that are prepared to begin detailed reporting on JOBS participation soon.

The fourth reason is that administrators often reach beyond the boundaries of traditional service delivery systems. New partners must not only understand each other but understand the implications of JOBS rules for their separate systems.

Such observations lead me to urge caution over the next two to 3 years as you continue to follow the JOBS implementation story. Expectations that are too early and too high have often been the bane of social programs. JOBS is ambitious and challenging enough to deserve a lengthy shake-out period.

Senator MOYNIHAN. Take your time.

Ms. GUERON. Thank you. I would also urge that you not focus on a single number as the measure of successful implementation and particularly not on the achievement of the participation rates as defined in the JOBS regulations.

This is critically important. There was extensive debate about the provision in the law that States should serve 7 to 20 percent of the caseload, and the regulations define this in a way that, in one particular aspect, is very demanding. Past programs, including ones that have that have been found very successful, would not have met these standards. This definition of participation creates a real risk that would mislead the public into thinking that States are treading water or even moving backwards when, in fact, they could be sprinting forward.

How do you handle this? I would urge you and State administrators to look at data on a range of measures so that operational achievements can be assessed against more than just one yardstick. In tracking JOBS implementation, it may make sense to have short-term and long-term expectations, given that some States have been building their capacity to do JOBS under other names for years while others are farther behind.

While this suggests that we focus on several time horizons, I am not suggesting that it is too early to attend to JOBS implementation. The very reasons that suggest that the JOBS story will unfold slowly also mean that there is a danger of drift in JOBS implementation. That is, a potential tendency not to make the hard choices. This is an implementation issue to watch carefully.

In conclusion, the new challenges that JOBS offers States and localities are substantial, but the opportunities to learn and adjust programs on the basis of new knowledge are also unique. The authors of the Family Support Act wisely built on the lessons from an unusual record of prior rigorous studies, but they also moved into areas that are largely untested.

A number of States have moved forward with studies that should continue the process of learning. The major evaluation of JOBS envisioned in the Family Support Act, both because of its scope and its strong research design which relies on random assignment and control groups should substantially expand the knowledge base that can help States refine and improve their programs. The announced Federal commitment to technical assistance should assist in transmitting the lessons from past and future research and practice.

It is reasonable to hope that as a result of this continued learning and feedback between research and practice at your next hearings we will be able to speak more definitively about the progress of States in implementing JOBS and the achievements that result from its innovations.

Thank you.

[The prepared statement of Judith M. Gueron appears in the appendix.]

Senator MOYNIHAN. Thank you. Thank you, without whose organization and without whom we wouldn't have this legislation. What is the MDRC doing these days in respect to the JOBS program?

Ms. GUERON. We were awarded a contract competitively by the Department of Health and Human Services to conduct the evaluation referred to in the legislation, and we are at a very early stage in this work now. Secretary Sullivan has issued an invitation to States to participate. That was done in late December. Eighteen States have responded with an interest in participating in the study.

Our goal is to select ten sites that represent a varied group of mature JOBS programs so that we can look at different strategies of moving forward with the program and to begin the site selection process this spring and conclude it by the end of the year.

Senator MOYNIHAN. Good. So you have five years of work ahead of you.

Ms. GUERON. Absolutely.

Senator MOYNIHAN. Good. It takes 5 years.

Ms. GUERON. Definitely, especially since, as was mentioned this morning, the study not only looks at mothers but will look at impacts on the children of welfare recipients.

Senator MOYNIHAN. Statistics prove that it takes 18 years to produce an 18-year old. [Laughter.]

Eighteen years and nine months, some say. We want to stay with this, Dr. Gueron. Of course, we want to look at where it is working well and we want to look to where it is not working at all. Do you have anything to tell us about New York? You live up there.

Ms. GUERON. Oh, I don't think I want to wander into that. I will say that New York has expressed an interest in being in the evaluation.

Senator MOYNIHAN. They had better. All right. It is a mystery, but no, it is not a mystery. It is a problem, a very many-layered problem of which you and I have spoken, and probably best done off the record.

Good. I am just very pleased. I wanted to get it on the record. I think I knew the answer that on the competitive basis that MDRC has been given the implementation, which is part of this statute. We thank you for hanging in there.

Ms. GUERON. Thank you, sir.

Senator MOYNIHAN. We are going to see you. Let's make it a point that when you are ready, you will start reporting and let us know what you are finding.

Ms. GUERON. I certainly will, and I see this as a real opportunity to tackle the questions that remain. Thank you.

Senator MOYNIHAN. Good. Thank you.

Now finally, a very patient panel of Nancy Ebb, the Senior Staff Attorney of the Family Support Division of the Children's Defense Fund and Mark Greenberg, who is the Senior Staff Attorney at the Center for Law and Social Policy.

We welcome you both, and Miss Ebb, why don't you begin?

STATEMENT OF NANCY EBB, SENIOR STAFF ATTORNEY, FAMILY SUPPORT DIVISION, CHILDREN'S DEFENSE FUND, WASHINGTON, DC

Ms. EBB. Thank you, Senator. We appreciate the opportunity to testify today. Our testimony focuses on what States are doing to implement the child care provisions of the Family Support Act. Believing that these provisions are extraordinarily constructive ones, CDF has worked hard at both the Federal and State level to try to help ensure that the provisions as implemented live up to the promise of the Act.

Based on our work, we can report that States have taken encouraging steps to implement the Act. Based on a CDF survey of the first 15 States to implement JOBS, all of the first 15 States except Michigan have taken advantage of the Act's market rate provision to significantly increase the amounts that they pay for child care above the $175 dollar and $200 limits set for the child care disregard.

While rates vary geographically within each State, of course, the highest market rates are very significantly more than what is allowed under the disregard. Wisconsin and Minnesota, for example, pay $451 a month in their highest local market rate area, and even Georgia, a State that has historically paid lower benefits, pays up to $258 a month for child care.

These rates show a heartening State willingness to pay closer to the real cost of care and to expand child care opportunities for AFDC families. Unfortunately, many working AFDC families will continue to be reimbursed at substantially lower rates since their child care will continue to be reimbursed through the child care disregard with its $175 and $200 limits.

Only three of the first 15 States have chosen to supplement the child care disregard payments up to their local market rate.

Senator MOYNIHAN. But they can do that.

Ms. EBB. They can do so, and we would certainly hope that other States would do so. There are however, continuing inequities between the families who get the child care disregard and the families that get payments through other subsidy forms in the AFDC program.

States are also making small but significant efforts to meet the child care needs of teen parents, some of which you have already heard today. In California, for example, San Diego and San Francisco have GAIN sites for teen parents that pay particular attention to their child care needs. The San Diego program provides on-site child care for the children of teen parents, hands-on labs for teen parents in the child care rooms, and parent education about child care provided by an on-site child care coordinator. Programs such as these are very small but very promising models for how to address the needs of two generations of children.

States also appear to be taking very seriously the requirement to provide child care counseling services upon request. Most of the first 15 States have tried to assure the quality of child care choices by contracting with resource and referral agencies to provide such counseling services or by authorizing local administrators to do so.

Senator **Moynihan**. Good.

Ms. **Ebb**. Most States do not have a Statewide network of such resource and referral agencies, so counseling efforts may be uneven, and, in fact, in our survey, we were concerned to find that in some areas such counseling assessment and orientation services could be provided by workers with little or no child care background and scanty guidance from the States about what services to provide.

States are taking their child care responsibilities seriously. One-third of the July 1 implementation States, have more than doubled their initial child care funding. Four more have also significantly increased funding for child care.

But there is a more disturbing note to be struck. Massachusetts and Minnesota, both States with very impressive commitments to child care and to their employment and training programs, are finding that the need for child care far exceeds the funding. In Minnesota, for example, as of December 31st, there were over 3,000 AFDC families on the waiting list for child care and 4,500 non-AFDC families.

The State has a child care budget shortfall of millions of dollars and is considering limiting participation in its STRIDE (employment and training) program as one way to contain child care costs.

Massachusetts, although it has maintained its ET child care funding commitment, is contemplating losing 6,000 to 7,000 slots for non-AFDC families who need child care in the next fiscal year. The experience of these two States is a sobering one, both in its implication for the ability of States to fund adequate child care for AFDC families and for the ability of States to meet the needs of non-AFDC families without additional Federal intervention. It is even more sobering because these are States with very, very impressive commitments for the concept of providing child care assistance.

Finally, I would like to briefly highlight two Federal regulatory roadblocks that hinder States in the effort to meet the child care needs of AFDC families. First, as you have heard, Federal regulations deny Federal matching funds to State provider recruitment efforts, particularly serious because there are such serious child care shortfalls in many States.

In Wisconsin, for example, 72 out of 73 counties said their child care resources were inadequate to meet the child care needs of JOBS families. We need Federal assistance for States to build their child care supply.

Second, a forthcoming HHS instruction which is under review at this point may limit State discretion to develop health and safety protections that apply to subsidized informal care. HHS is considering an instruction that would bar States from imposing conditions on informal child care arrangements paid for under the Act unless such conditions also apply to subsidized care, a serious restriction on State discretion to develop protections for children.

Senator MOYNIHAN. Let's keep an eye on that. Good. On the whole, very positive. I am pleased by it, as I expect is our final witness, Mark Greenberg.

STATEMENT OF MARK H. GREENBERG, SENIOR STAFF ATTORNEY, CENTER FOR LAW AND SOCIAL POLICY, WASHINGTON, DC

Mr. GREENBERG. Senator, thank you for this opportunity to testify, and thank you for your continuing oversight on JOBS program implementation issues.

This morning, I want to draw on some data that wasn't available when the Act was initially enacted. Data from some demographic studies done in five States as part of their JOBS planning process.

Senator MOYNIHAN. Good.

Mr. GREENBERG. From this demographic data, we now know much more about the severity of education needs for potential JOBS participants. In Louisiana, 58 percent of adult recipients haven't completed high school; 30 percent of them haven't completed the tenth grade.

When we look at one of the Act's target groups, recipients who have been on aid for at least 36 of the last 60 months, in Illinois, 65 percent of them don't have a high school diploma. In Arizona, the figure is 69 percent.

Senator MOYNIHAN. Wow.

Mr. GREENBERG. So it is an enormous education problem.

Senator MOYNIHAN. Say that again about Illinois. I am sorry.

Mr. GREENBERG. We also know that for many of these families, the problem isn't just getting a job; it is being paid enough to meet their minimum needs. In North Carolina, 39 percent of recipients have been employed at some point in the last year, but they had average earnings of $144 a week.

In Arizona, 36 percent had been employed at some point in the last year. They had average take-home pay of $131 a week; 63 percent of them were paid four dollars an hour or less

In addition to paying very little, the jobs didn't last long.

In North Carolina, two-thirds of target group members who were employed in the year had less than 4 months of paid employment.

Some of this job instability may be reduced next month, when States begin implementing the provisions for transitional child care and transitional Medicaid. But it is important not to base all our hopes on these transitional benefits for a couple of reasons.

First, a number of recipients aren't going to be eligible for them. The law says that individuals have to have received AFDC for at least three of the last 6 months in order to be eligible. So in instances where States work with individuals right at the point they come into the AFDC program, that entire group of people is not likely to be eligible for transitional benefits.

The second concern is that the transitional benefits will only last a year. This is vastly better than prior law, but someone who starts the year making four dollars an hour isn't likely to be earning enough by the end of the year to stop needing child care and medical assistance.

What does this mean for the JOBS program? On the one hand, it means that job placement efforts without also looking at other strategies to supplement the income of the working poor isn't going to be enough. But the data also reinforces another conclusion that many States have been reaching and that you certainly heard this morning. It is not enough to just focus on immediate job placement without addressing education and training needs.

As States reorient to those needs, there are a set of major concerns that are raised. The first one is the issue of how to measure success. Programs that are emphasizing education and basic skills can't be evaluated by immediate media job placements or last year's reduction in the welfare rolls.

We know that most of the time, the State's job placement rate reflects primarily recipients' own activity. We also know that many of the jobs that make people ineligible for welfare and lead to a reduction in the welfare rolls may still leave the families very deep in poverty. So it is essential that program evaluation look at gains in basic skills and in long-term improvements in family circumstances.

A second concern is how States will provide educational programs, particularly as they address the needs of teens. With limited exceptions, the Act says that States must require parents under 20 to participate in education. On the surface, the simplest approach might just be to require high school attendance, but there are real questions raised about that approach by the experience of Wisconsin, the first State that has required school attendance from teen recipients.

Last year Wisconsin's program had extraordinarily high sanction rates. Almost every month, between 13 and 16 percent of teen parents were being sanctioned. For a teen mother and her infant, that meant cutting the grant from $440 to $248 for the month.

Senator MOYNIHAN. How does the sanction work? I have only sort of generally followed it. What happened is, it was if your child didn't go to school.

Mr. GREENBERG. That is right. If a child didn't go to school or in the case of the teen parent who had an infant who was just in a grant for two, if the teen mother didn't go to school. The Wisconsin program actually applies to both teen parents and other AFDC teens.

The sanction rates were highest among the teen parents where we see this 13 to 16 percent a month.

Senator MOYNIHAN. They themselves had not gone to school.

Mr. GREENBERG. That is right. They weren't in compliance with the requirements.

Senator MOYNIHAN. Whatever.

Mr. **Greenberg**. Despite these sanctions, the percentage of teen parents in school remained essentially unchanged. There is broad agreement about the importance of teen parents completing education, but just mandating high school attendance isn't the answer, and it may accomplish little beyond generating sanctions. The challenge for States is to commit resources and use JOBS to explore the mix of services that will be most effective in helping teen parents continue their education.

My last issue is the participation rates. I don't want to repeat what has already been said this morning.

Senator **Moynihan**. With pleasure. Go ahead.

Mr. **Greenberg**. But I do want to emphasize one other aspect of the rates. Lots of the discussion this morning has focused on whether States can meet the rates or what kind of problems they will have in tracking and reporting. I think in the long run, the more important question is whether the definition of participation is going to force States to distort decisions in their program without providing education and training.

Let me give a couple of examples. We know that a lot of participants need basic education. In many communities, the adult basic education classes are typically four to 6 hours a week. So what that means for a State is the State has to choose. On the one hand, if it just puts the recipient in the class, then the recipient isn't going to effectively help the rate.

Senator **Moynihan**. We have that example with respect to going to college.

Mr. **Greenberg**. Yes. That is actually going to be my second example. So in the adult basic education instance, the State, has the choice to either mix basic education with 14 hours of job search to get them up to 20 hours, which may make very little sense based on the individual circumstances. Or the State may just say the easiest way to get this person counted for the rates is to say, "Let's assign them to 20 hours of job search," a real distortion of what the recipient needs.

The other area of concern is the way HHS' definition affects post-secondary education. States are given the option under the Act to provide post-secondary education, and it is completely up to the States, but that was intended to be an option that States have. In post-secondary education, typically, someone would be attending classes 12 or 15 hours a week.

As Mr. Greenwell suggested, the difficulty here is the Department's definition doesn't acknowledge that people need time to prepare for their classes, so they are only counted as if they are doing 12 or 15 hours.

Senator **Moynihan**. Sure.

Mr. **Greenberg**. It is a serious concern on post-secondary education.

Let me just say, in closing on this subject, that there is certainly one school of thought that says, "Let's wait a couple of years, and see what the experience is."

I think that the real danger is that, the way the structure is set up, it distorts States decisions; it makes it more difficult for them to commit to programs for education and training and we would urge this Committee to address the issue very promptly.

Thank you.

[The prepared statement of Mark H. Greenberg appears in the appendix.]

Senator MOYNIHAN. We thank you. We have addressed it. We have had people here that are working with each other on this thing. We obviously have a nice atmosphere in the State governments with respect to the administration. We are going to get an Assistant Secretary. We are going to work these things out, at least we say we are. Whoever knows?

But we want to thank you, thank your very able organizations for following us and following these things. You are always welcome back here. This will be the last oversight hearing for the 101st Congress, but we will be back in a year's time. With that, we thank our audience and

We thank the ever patient Margaret.

[Whereupon, at 12:48 p.m., the subcommittee was recessed.]

APPENDIX

Additional Material Submitted

Prepred Statement of Dennis J. Boyle

My name is Dennis Boyle, Deputy Director of the State Department of Social Services in California. Thank you, Senator Moynihan, for this second opportunity to speak before your committee on the subject of implementation of the Job Opportunities and Basic Skills Training Program known as JOBS. We in California are in the midst of our effort to incorporate the JOBS final regulations into our landmark Greater Avenues for Independence program called GAIN.

The following are a few examples of remaining problems with JOBS, primarily represented by the final regulations, but also sometimes relative to the Family Support Act itself.

PARTICIPATION REQUIREMENTS

As in my testimony of May 15, we have a serious continuing concern about JOBS participation requirements. Actual operating experience from pilot tests of work programs which operated at high comparative participation levels which have been evaluated by MDRC prove, by our analysis, that States cannot meet or even approach the JOBS participation requirements in the final regulations. The regulatory detail on participation developed by HHS adds great difficulty and expense to the job of determining participation rates and seems to ensure the inability to achieve even minimal participation rates.

Let me tell you about the experience of our SWIM project which was operated as a pilot project for HHS. Keep in mind that SWIM was operated in only two welfare offices in San Diego, as compared with the logistics and complexities of a Statewide operation in a large State. The SWIM methodology for defining participation rates was to count any registrant in job search, training, education or part-time employment if they participated at least one hour sometime during the month. Using this yardstick, SWIM achieved a 55 percent monthly participation rate, the highest ever recorded. It took considerable time and expense to develop a tracking system that would measure participation using this simple, but workable methodology, as well as enormous effort on the part of the SWIM staff to encourage, cajole and assist folks to participate. However, if you were to apply the regulatory detail of the final JOBS regulations to the SWIM participation standards, I believe that: 1, a workable tracking system could not have even been developed within the two years that SWIM operated; 2, if the tracking system had been developed, the SWIM staff would have spent so much time feeding, correcting, interpreting and struggling with such a system that they would have had little time left over to help clients; and 3, the 55 percent monthly participation level achieved by SWIM would be reduced below even the seven percent initial standard provided in the Family Support Act.

Does this mean SWIM was unsuccessful? Absolutely not, unless unprecedented employment gains, welfare reductions and a 3:1 favorable cost benefit ratio indicate failure. Also, I believe that the SWIM findings show that the JOBS participation rate standards would be achievable if the criteria for measuring them were to be made more reasonable. I strongly suggest that HHS and Congress take a very close look at the SWIM findings which were issued subsequent to the passage of JOBS. I think there are some valuable lessons to be learned.

In my May testimony, I Stated that the 20 hour-per-week participation standard for counting participation was unreasonable and impractical from an administrative standpoint. Although this requirement was changed in the final regulations, I am unable to report sufficient improvement to make the system workable or meaningful. What happened is that, rather than conceding the nonviability of the 20 hour-per-week requirement, the regulation writers converted it to an "average" of 20 hours. This means that in order to count someone participating, say 15 hours-per week, you would have to find someone else whose level of participation is 25 hours in order to compute an average of 20 hours each.

Additionally, in order to count even one hour of an individuals JOBS participation, you must verify that the individual attended at least 75 percent of the hours which were scheduled. Otherwise, participation is counted as zero even if the actual hours of attendance exceed 20 hours per week. This was also added in the final regulations.

Let me describe just some of the quirky effects of these new requirements:

- Tracking is vastly complicated. The tracking system must be able, first to identify, then to match up individuals who are participating less than 20 hours with others participating a corresponding number of hours over 20 hours. This represents a technical challenge of the first magnitude, especially when you consider the added difficulty of tracking whether the participant attended at least 75 percent of the time scheduled.
- One new clause added to the final regulations which I have not mentioned is that time spent on homework for an educational activity does not count as participation. The upshot is that a junior college student in a vocational course carrying a very full load of 18 hours per week of classes with another eight hours of homework would be a nonparticipant in JOBS as far as OFA is concerned.
- In addition, there would be a very negative impact on participants as a result of these rules. First, there is so much paperwork and other administrative minutia which would be required of JOBS case managers that they would have little time to assist clients. This would probably lead to increased sanctions since there would not be time available to otherwise resolve participation problems.

Second, clients would be bogged down with additional complexity, paperwork, providing verifications and other nonproductive activities. Third States would be forced to rely on components which provide the highest hours-of-participation in relation to cost, rather than assigning participants to those components which would be of more value but provide fewer hours. As you can see by my junior college example, it would be difficult, if not impossible, to find an educational component which could meet the twenty hours-per-week requirement. Finally, there would be a tendency to shy away from providing services to the most disadvantaged and difficult-to-serve who make up the JOBS target population, because there just wouldn't be the time available to work with them.

I don't want to simply criticize without offering a viable solution, so please let me reiterate the method I alluded to in my May 15 testimony for measuring participation. The simplest workable solution is to measure participation based on a point-in-time count. Let me explain. This means that on a given day each month, all clients' whose actual participation has been verified would be tallied on the basis of a head count which could be electronically tracked. This head count would identify the number of participants vs. nonparticipants in order to compute a participation rate. Although it is true that some individuals who had participated only a short time during the month would be counted, this would be balanced out by the fact that others who had participated for longer periods, but whose participation ceased prior to the day of the head count, would not be included in the participant count. The chief advantages over the method set forth in the final regulations are that it is doable, accurate and reasonable.

TRACKING AND REPORTING REQUIREMENTS

In my comments the first time before this committee, I Stated that the proposed tracking and reporting requirements were burdensome and unmanageable, at that time requiring a sample of thousands of JOBS cases per month. I am pleased to report that the final regulations reduced that sample size to 1200 per year, a very significant improvement. However, at the same time, OFA has issued two JOBS Action Transmittals dated January 31 and February 6, 1990 respectively transmitting interim JOBS reporting requirements. They are effective October 1, 1989. Besides the issue of the retroactivity of these requirements, they are extremely detailed and burdensome. In fact, optimistically, it will take us a minimum of two years simply for development and installation. Before the end of the two-year period, we are told, the final requirements would be issued, thus obsoleting the interim system. Meanwhile, an enormous investment in time and other resources will be wasted.

In addition to the issue of interim reporting, we recommend that Congress take another look at the Family Support Act reporting requirements in terms of the amount of detail and the appropriateness of data requirements. One requirement which comes to mind is to report JOBS participation by family. This is not easy to do, and we do not see the value since it is individuals, not families who participate in the program. Therefore, the requirement could be easily eliminated with no repercussions. Another example is the enormous detail required for child care reporting with regard to type of care, separating care for those with and without income and the length of time assistance is provided. This type of data is more properly gathered in a periodic survey format rather than individually on an ongoing basis. It is not essential for OFA to have this information to manage the program.

TARGET POPULATION

It is a correct and laudatory goal of the Family Support Act to target scarce JOBS resources towards the most disadvantaged groups receiving AFDC benefits. On this point JOBS and GAIN are totally in "sync." However, the methodology in the final regulations for tracking this result is, I believe, flawed. The regulations and the Act require that 55 percent of JOBS funds be spent on the target population as defined in the Act. The procedure, as described in the regulations for tracking this, however, is too complicated, and fails to capture the whole picture.

The States are to track all participants and their components. Then, based on IV-A agency expenditures, the costs of the components are determined, then the data combined to compute a cost-per participant. The problems are that the procedures are too complex on the one hand, while on the other, they don't capture the major factor of expenditures from community resources for JOBS participants. We are not suggesting that community resources be tracked by participant because of the increased complexity this would entail, and we don't think it's doable in any event.

Our recommendation is to identify the number of JOBS participants who are members of the target population and those who are not. The target population requirement would be met if 55 percent of the participants were target population members. This method would not be perfect, but it would be simple, doable, and therefore more accurate than the method in the final regulations.

WORK SUPPLEMENTATION

The final Federal regulations as well as the Family Support Act restrict the placement of Work Supplementation Program participants to only "new" positions in a company or agency. The effect of this provision is to solve a problem that doesn't exist, at least not in California, and in so doing, to prevent us from using this very useful placement tool. This happens because companies are saddled with an unrealistic requirement to create jobs which cannot be sustained given real-world economic conditions. The result is to unfairly deny job opportunities to JOBS participants which are otherwise available to other unemployed individuals in the community. This just doesn't make sense.

In the GAIN Program, the company must make a reasonable written commitment retain WSP participants in their supplemented jobs after the component ends. This provision, in combination with a restriction not to displace existing workers, does away with the need to restrict placements to new positions. We recommend that Congress take another look at this provision as it pertains to the Work Supplementation Program and consider California's alternative policy as providing the needed protection to workers without destroying the viability of a potentially very valuable JOBS component.

WAIVER AUTHORITY

We recommend that Congress consider providing OFA with broader waiver authority in order to pilot alternative employment strategies for JOBS. JOBS may not be the perfect employment program in every particular and therefore, it would be advisable to continue to allow alternative policies and procedures, at least on a limited scale. This is not to advocate that waivers be granted on a wholesale basis. However, some additional waiver authority would be prudent.

Statewide evaluations of programs would be sufficient to determine the effectiveness of minor procedural changes without requiring minuscule evaluations of procedures or changes that really aren't appropriate to evaluate in the true sense of the word. Currently, the only avenue for waivers is the 1115 waiver process which assumes the pilots are so significant that an extensive evaluation is appropriate. The net effect is to discourage States from seeking changes to unworkable regulations.

CONTRACT LAW PROVISIONS

The final JOBS regulations contract law provisions require that if a State uses participant contracts in its JOBS Program as a means to obtain the participant's commitment to follow through with the individual employment plan, these contracts must be subject to the provisions of State contract law. We believe that this is not a reasonable requirement. The participant contracts which we use in JOBS are social contracts, not equivalent to a contract to purchase an automobile or paint a house. The contract law provision would potentially subject the States to inappropriate nuisance lawsuits and hamstring flexibility to make needed timely changes in things like participation hours or supportive services arrangements for participants. This requirement should be deleted.

CHILD CARE SLOT DEVELOPMENT

JOBS created a need to develop millions of new child care slots to provide child care for JOBS participants. In fact, States must *guarantee* child care for JOBS participants. Why, then, are States forbidden in the JOBS regulations from using JOBS funds for child care slot development. I do not have an answer for this contradiction, nor do I know a way to develop millions of new child care slots at no cost, though that would be nice. Therefore, it is my recommendation that this illogical restriction in the final regulations against using JOBS funds for child care slot development be eliminated.

PREPARED STATEMENT OF ROBERT D. CECIL

DEFINITION OF PARTICIPATION (SECTION 250.28)

Currently, the Department of Health and Human Services considers as JOBS participants the largest number of individuals whose combined and average weekly hours equal or exceed 20 hours a week.

For every participant who is participating, at less than 20 hours a week, there must be a participant participating in a JOBS component activity for more than 20 hours a week to make up the deficit thereby achieving the required average of 20 hours a week. This puts the Michigan JOBS program at a disadvantage in terms of being able to achieve participation rate targets. For example, we have over 8,000 individuals participating in two and four year college programs and over 9,000 per month in high school completion and remedial education. Since the Department can only count the time actually spent in the classroom, few individuals exceed the 15 hours a week of participation. Most individuals who are attending school are participating 12 to 15 hours a week.

The components where individuals are likely to exceed 20 hours of participation are CWEP, OJT and vocational training and education. In January of 1990, the Department had just under 11,000 individuals participating in these activities. These participants account for less than 25% of the active caseload.

To ensure clients are participating 20 hours a week, the Department will have to require all individuals who are attending school to make up the difference between the number of hours they are in the classroom and the 20 hour a week requirement. This means that 8,000 clients in college and 9,000 in high school completion and remedial education would have to be given other non job-seeking JOBS component assignments in order to meet the 20 hour a week participation requirement. This is not only administratively cumbersome but it is extremely difficult to code and track.

From the Department's perspective, we have twice as much work to do because all these clients are required to perform multiple assignments. This means that anyone participating in High School education, remedial education, will require additional assignments to meet the 20-hour a week participation requirement. In fact, this requirement amounts to more than doubling the work load to serve the same number of clients that we served before JOBS. We, in Michigan, feel this is a burdensome task to perform and is counterproductive to the goals and objectives of the JOBS Program. We would appreciate your serious consideration in modifying or removing this requirement.

ADC-UP WORK EXPERIENCE REQUIREMENT (SECTION 250.33a)

This section requires that at least one parent in an ADC-UP case participate for at least 16 hours in work supplementation, CWEP or other work experience program, OJT or a State-designed work program.

Michigan's experience suggests that in virtually all ADC-UP cases there has been recent work experience. A recent demographic study of ADC-UP recipients has determined that 90% of all ADC-Up recipients have worked within the past two years. Rather than work experience, structured, direct job- seeking activities would be more likely to result in job obtainment, grant reductions and case closures. In addition, eligibility for ADC-Up requires recent work experience. Thus, Michigan feels that other JOBS components or activities, including Job Search, would be more appropriate assignments.

RECOMMENDATION: We feel we should have the operational flexibility to decide the most appropriate JOBS assignment for ADC-Up parents from the full complement of JOBS components in the State.

EMPLOYABILITY DEVELOPMENT PLAN (EDP) PROCESS SECTION 250.41)

The State requires that every individual considered for active MOST Program participation is to be assessed and have an employability plan provided. The employability development plan (EDP) identifies those mutual obligations which are required of the agency and the participant to enable the participant to pursue and attain specific employment goals.

The EDP Process

To meet this federal/State requirement, a first assignment in the MOST Program is participation in the 3-step Employability Development Plan (EDP) process. The three steps are:

1. *Orientation.* This initial step provides individuals with information on the benefits of MOST participation, their rights and responsibilities and the penalties which may be imposed for failing to participate as required. 2. *Initial Assessment.* An activity whereby information is obtained pertaining to an individual's past work history, educational level, barriers to employment and supportive services needs. An analysis of this information provides initial input for the EDP development.

3. *EDP Completion and Agreement.* The EDP, mutually developed with the participant, prescribes a path to employment and independence for the participant. The EDP identifies services necessary to help overcome Stated barriers to employment, activities to enhance employability and requirements to achieve the plan's goal(s).

This essential staff/client Process is provided within 30 days of client referral to the MOST unit by Assistance Payments staff. With the exception of the assessment activity, the Process is relatively standardized throughout the State.

Initial assessment, at a minimum, analyzes information obtained from the client relative to her education level, work history, skills, barriers to employment, and supportive services needs. Variations in the assessment activity occur when formal testing for aptitude and dexterity occur followed by professional interpretations and recommendations.

The MOST worker assumes the case manager role. Rather than providing solely for the needs of the participant, as was the practice in previous employment programs, MOST/JOBS recognizes barriers affecting the entire family. We applaud this conceptual change and are encouraged by the recognition in the FSA of the need to complete EDPs. The dilemma occurs when this case intensive activity is placed in the context of participation percentage requirements.

We have seen reductions occurring in caseload size. Given an essentially stable AFDC population, Michigan has experienced a 22% decline in the AFDC/JOBS caseload when comparing January 1990 with the monthly average caseload for FY '88.

We recommend that the participation targets reflect the increased activity required by comprehensive planning which has had the effect of decreasing the caseloads in the State.

MAINTENANCE OF EFFORT [SECTIONS 250.72 (b) AND 250.73(a)]

States must spend no less than the total State and local expenditures incurred in Fiscal Year 1986 for training, employment and education programs as a base funding level determinant.

However, Federal Financial Participation is available at the rate of 90 percent for expenditures up to an amount equal to the State's WIN or WIN Demonstration allotment for Fiscal Year 1987.

Since the maintenance of effort is based on the preceding Fiscal Year (1986), we recommend that the 90 percent Federal Financial Participation rate should also be based upon FY '86.

MATCHING RATE (SECTION 250.73)

We recommend modification or deletion of 250.73(d)(1)(i) (Funds) "Appropriated directly to the State or local agency, or transferred from another public agency (including Indian Tribes) to the State or local agency and under its administrative control."

Deletion of this subpart would permit States, such as Michigan, to capture an increased share of their JOBS appropriation. Currently, Michigan is claiming less than 40% of its potential JOBS funds due to maintenance of effort and matching rate restrictions while providing a significant level of State-funded remedial and high school completion programs to JOBS participants.

During FY 1988, Michigan expended $225 million of State funds to provide adult basic education and high school completion to an unduplicated total of 160,797 persons. Of these, 45,776 persons were public assistance recipients and 22,456 or 1409 of the total were MOST/JOBS participants (AFDC recipients). State investment in the basic education of MOST/JOBS participants amounted to $31,400,000.00. These funds were available for JOBS participants but are proscribed by regulation from being considered for State match.

Were Michigan able to claim these education expenses as State match our MOST/JOBS Program could further assist the over 90,000 program eligible clients who do not possess high school diplomas and are thus unlikely to be competitive for existing job vacancies. Michigan already serves over 9,000 MOST participants in high school completion and remedial education—fully 20% of our total MOST caseload.

We believe that the requirement for administrative control imposed by 250.73(d)(1)(i) is unduly restrictive. Implicit in the control function is the expectation of curriculum design and delivery responsibility. While this would not be feasible for the IV-A agency in the case of designated education funds the fact remains that:

1. Significant State resources are dedicated to MOST/JOBS participants.
2. A primary focus of the Family Support Act is the provision of education to avoid long-term welfare dependence.
3. Less than 25% of eligible participants are able to be served given existing funding levels.
4. Funds appropriated to the JOBS Program by PL-100-485 remain uncaptured.
5. Modification of regulatory language would enhance States' ability to coordinate employment and training systems to the benefit of public assistance recipients.

Modification or deletion of this section would encourage States to offer education and basic skills instruction thus increasing the competitive skills of their public assistance dependent population and fulfilling an essential mandate of the Family Support Act.

UNIFORM DATA COLLECTION REQUIREMENTS (SECTION 250.81)

We fail to understand the purpose and usefulness of submitting "electronically on a monthly basis a sample of unaggregated case records of JOBS participants."

It would appear that raw data can be easily misinterpreted and cannot be used to compare States' activities, outcomes or demographic data with any accuracy.

Secondly, our ability to identify target groups is dependent upon significant systems changes and requires the dedication of considerable staffing resources.

Thirdly, due to system constraints, certain data elements need to be estimated or assumed. For example,

a. "length of time on AFDC" is not directly attainable on a payment system such as ours. Our system focuses on what has occurred *this month* and does not retain the number of times and how long a person has been receiving AFDC.
b. "little or no work experience in the preceding year" is subject to wide variation in interpretation. Work history has never been considered a data element and is not currently on our system.
c. the current information system cannot track dual component assignments as might be required to meet the 20 hour per week participation rule.

RECOMMENDATION: That requirements be modified to permit States to submit aggregated information on priority group participation in order to qualify for the enhanced match rate.

The States implementing FAMIS be exempt from the conditions imposed by 250.81 until such time as their approved systems are operational.

PREPARED STATEMENT OF SENATOR JOHN H. CHAFEE

Mr. Chairman, I appreciate having the opportunity today to discuss the implementation of Family Support Act of 1988. The Senate Finance Committee, and particularly you Mr. Chairman, devoted a great deal of time and effort to reform our welfare program. Now we must ensure that the new family support program we created is implemented effectively.

Our work to reform the welfare program was based on the belief that we should help people help themselves. The Family Support Act will provide welfare recipients with the training they need to become employed and self-sufficient. The AFDC program will now be designed to prevent people from getting caught in the cycle of poverty.

Yet, during the discussion of welfare reform the Committee recognized that prevention of welfare dependency does not only begin after people enter the welfare rolls. Rather, we found it often begins with teenage pregnancy. By including the Teen Care Demonstration Projects in the Family Support Act, the Committee expressed its desire to help teenagers avoid pregnancy and welfare dependency.

In my own State of Rhode Island, there are about 3,400 recorded teenage pregnancies each year. Virtually all of the 1,500 teens who carry their babies to term keep them. Sixty percent of these young mothers are unwed and seventy percent become dependent on welfare.

These statistics are alarming. The trend that we are witnessing must end. Teenagers must be encouraged to take the necessary precautions to avoid pregnancy. To accomplish this task, we must instill a sense of self-worth in our youngsters. We must provide them with programs that emphasize the importance of education and with counseling to help them develop self-esteem. The Teen Care Demonstration Projects will do exactly these things.

The Committee on Appropriations and the Senate clearly intended that Teen Care be funded at $1.5 million when the Labor, Health, Human Services, and Education and Related Agencies appropriation bill for 1990 was approved. Unfortunately, it received no *specified* appropriation. Instead, $10 million was provided for overall research of welfare reform, including the demonstration programs in the Family Support Act. Thus, the Secretary of Health and Human Services must choose which demonstration and research programs will be funded out of the appropriated $10 million.

Mr. Chairman, it is my hope that the Secretary will provide funding for Teen Care so that the next time we discuss the implementation of welfare reform regulations, we also discuss the implementation of Teen Care. This program is an essential component of preventing welfare dependency. I certainly hope that you will continue to be as supportive of Teen Care as you have been in the past.

While the Teen Care Demonstration Projects is a priority of mine, it is not the only issue important to our discussion today. There are many issues we must address in this hearing to ensure that the Family Support Act of 1988 is properly implemented.

Mr. Chairman, thank you for the opportunity to participate in today's hearing. I look forward to an informative discussion.

PREPARED STATEMENT OF NANCY EBB

The Children's Defense Fund ("CDF") appreciates the opportunity to testify today on child care issues emerging as States begin to implement the Family Support Act. CDF is a privately-supported public charity that advocates for the interests of low-income children.

CDF is convinced that the Family Support Act offers a valuable opportunity to address the needs of AFDC families for child care. For this reason, CDF has worked hard on both the Federal and State level to help ensure that implementation of the child care provisions lives up to the promise of the Act. We commented extensively on the proposed Federal regulations to implement the Act, and continue to meet with Federal officials as regulatory issues arise. Last September, we published *Steps Every State Should Take to Implement the Child Care Provisions of the Family Support Act.* We have provided extensive technical assistance to State administrators, legislators, child care providers, and advocacy groups. Finally, we are in the process of compiling the results of a survey of child care practices in the first fifteen States to implement the Family Support Act.

Based on preliminary findings from our survey, I would like to highlight three issues in my testimony today:

- States have taken a number of encouraging steps in their efforts to implement the Act, adopting some creative approaches to the child care needs of AFDC families and raising reimbursement rates to more realistic levels.
- However, in the absence of new Federal child care legislation, State funding restrictions will prevent even those States that take their child care responsibilities most seriously from serving all eligible families, and may jeopardize child care assistance for the non-AFDC working poor.
- These funding shortfalls are exacerbated by Federal regulatory roadblocks that impede State efforts to meet the child care needs of AFDC families.

I. STATES HAVE TAKEN ENCOURAGING STEPS TO IMPLEMENT THE CHILD CARE PROVISIONS OF THE FAMILY SUPPORT ACT

A number of States that have already implemented the Family Support Act demonstrate a heartening recognition of the importance of paying realistic child care rates; of paying attention to families with special child care needs; and of providing quality child care counseling and assessment services that make the exercise of parental choice a meaningful one.

A. *Paying Realistic Child Care Rates.* States have taken advantage of the Family Support Act's provision on market rates to significantly increase child care rates so that they more closely approximate the real cost of care:

- all of the fifteen early implementation States except Michigan have chosen to implement local market rates instead of using the limits on reimbursement set under the child care disregard. Michigan is in the process of completing a local market survey.
- While market rates vary geographically within each State, the highest market rates are staggeringly more than what is allowed under the child care disregard ($175 for older children, $200 for children under 2). Minnesota's maximum market rate in its most costly area is $451/month; California's is $815; New Jersey's is $382; Wisconsin's is $451; Rhode Island's is $383; Connecticut's is $322; Arkansas' is $215; and Georgia's is $258.

States' willingness to pay significantly above the disregard amounts shows an encouraging recognition of the real cost of care and a desire to expand child care options available to AFDC families. Unfortunately, many AFDC working families may continue to receive child care assistance at rates far below the market rate, since many of them will continue to have their child care reimbursed through the child care disregard and to be subject to its lower cap. Only three of the first fifteen States (MN, NJ, WI) have chosen to supplement child care reimbursed through the disregard up to the amount they pay for care through other payment mechanisms. The inequities in payment rates based on the type of payment mechanism used to pay for care should be remedied in future regulations or legislation.

B. Meeting the Needs of Special Populations. In tackling the difficult problem of meeting the needs of AFDC teen parents, our survey of the 15 States that implemented on July 1, 1989 uncovered the following new developments:

- Connecticut is developing on-site child care for teen parents in secondary schools, and Rhode Island is using State dollars to develop an on-site child care center for children of parents attending high school. Arkansas Department of Human Services staff are making special efforts to recruit providers for children of teen parents.
- Massachusetts reported spending over $4 million on child care for children of teen parents (about 85—90 percent of which was expended on AFDC teen parents). Child care for teen parents was reimbursed at a higher rate than other care, and included social services, life skills training, and parenting workshops.
- Olivia Golden and Ruth Baker at Harvard reported that California's GAIN program included sites in San Diego and San Francisco that provided case management services for teen parents and paid particular attention to the developmental and child care needs of their children. The San Diego program provided on-site child care, parenting classes, hands-on "labs" for teen parents in the child care room, and some parent education about child care through an on-site child care consultant.

Unfortunately, most of these programs are relatively small. Moreover, States appear to be devoting less effort to developing child care programs that respond to other children with special needs (for example, children with emotional or physical handicaps and children in need of protective services).

C. *Quality Child Care Counseling Services.* States appear to take seriously the Act's requirement that they provide child care counseling to families upon request:

- Seven of the fifteen States we surveyed (AR, CA, MD, MA, MN, NV, NJ) take the importance of child care counseling so seriously that they automatically refer appropriate clients for counseling without waiting for a request from the client.
- Most of the fifteen States have attempted to ensure the quality of child care by contracting with resource and referral agencies, or by giving local administrators authority to contract with such agencies (CA, MD, MA, NJ, OH, CT, IA, MN, RI, and WI). These agencies are familiar with local child care resources, are experienced in informing families about their child care options, and often have computerized data bases that enhance their ability to make speedy, appropriate child care placements.
- Because most States do not have a Statewide resource and referral network, clients in some areas do not have access to resource and referral agencies. A few States have made systematic efforts to fill in the gaps. New Jersey, for example, has developed a lead child care agency in each area of the State, which may be a resource and referral agency where one is available, but may be a government agency if one is not. The lead child care agency concept means that the State is making a conscious effort to designate and develop an agency in each locality that has child care counseling expertise.
- Other States have been less successful in developing local expertise, however. Our survey raised concerns that in some areas orientation, assessment, and child care location services were being provided by workers with little or no child care background and only the most scanty guidance from the State.
- Most of the early implementation States recognize the continuing need for child care counseling and referral services as families' child care needs change (for example, when they move from a part-time training program to full-time employment). Seven States (CA, CT, IA, MN, NV, GA, OH) make resource and referral services available to JOBS participants at any point when they are needed. Others make such services available at some point after families first enter the JOBS process.

II. IN THE ABSENCE OF NEW FEDERAL CHILD CARE LEGISLATION, EVEN THOSE STATES THAT TAKE THEIR CHILD CARE RESPONSIBILITIES MOST SERIOUSLY WILL BE UNABLE TO MEET THE CHILD CARE NEEDS OF AFDC FAMILIES AND POOR NON-AFDC FAMILIES

State responses to the requirement that they provide matching funds for FSA child care in many instances have been encouraging. A number of States have significantly increased their child care allocations for AFDC families:

- One-third of the States that implemented in July 1989 reported that they were more than doubling their existing funding for AFDC child care (AR, MD, NV, GA, RI).
- Four more States (NJ, MN, IA, WI) also reported significant increases over past funding.

However, those States that take their child care commitments most seriously, and that have tried to market aggressively both their child care and employment and training services, are discovering that the need far exceeds available funding. In order to find matching funds for AFDC child care, some are considering cutting back on care for the non-AFDC working poor:

- Minnesota, one of the States that has been most admirable in its commitment to child care and welfare reform, is facing a State child care crisis that threatens to keep AFDC families out of the State's STRIDE employment and training program. Statewide, as of December 31, 1989, there were 3,026 AFDC families (both STRIDE and non-STRIDE participants) who were on the waiting list for child care. There were 4,530 non-AFDC working poor families on the waiting list as well. The State has a child care budget shortfall of millions of dollars. Administrators are considering narrowing the definition of STRIDE target groups and barring STRIDE participation by volunteers from non-target groups in an effort to control child care costs. Moreover, because AFDC families have first priority for State child care funds, the increased demand for AFDC child care has meant that at least four counties are "bumping"1 non-AFDC working poor families from their subsidized programs in order to fund child care for AFDC families.
- In Massachusetts, the State's commitment to continue adequate funding for its ET child care program in tight fiscal times has meant that the State had to eliminate subsidies for 2,300 non-AFDC families for the current fiscal year, and to eliminate 6,000—7,000 subsidized slots for non-AFDC poor families in the next fiscal year.

The experience of these States, which have made such significant commitments of State resources to child care, is a sobering one, both in its implications for the ability of States to fund adequate child care for AFDC families, and for the ability of States to meet the child care needs of non-AFDC poor families without additional Federal intervention.

III. FEDERAL REGULATORY ROADBLOCKS IMPEDE STATE EFFORTS TO MEET THE CHILD CARE NEEDS OF AFDC FAMILIES

As we noted in testimony before this Subcommittee last May, proposed Federal regulations to implement the child care provisions of the Family Support Act contained a number of provisions that would have improperly limited State flexibility to shape a child care program responsive to the needs of poor families. While the final regulations are a significant improvement, a number of regulatory barriers remain.

A. *The Regulations Improperly Deny Federal Matching Funds for Provider Recruitment and Resource Development.* The Family Support Act requires that States guarantee child care to otherwise eligible families that need such care in order to participate in employment, education, and training activities. Yet the final Federal regulations deny States administrative matching funds to meet the need by bringing new providers into the system.

The regulatory restriction on provider recruitment activities is not authorized by the Family Support Act. It is particularly serious in light of the acute child care shortages many States face. Of the fifteen States we surveyed, only four reported that their child care resources were adequate to cover the need. The deficiencies in child care supply are serious:

- Minnesota reported that it had only one child care slot for every four AFDC children who need care;
- Ohio projected that by FY 1991, it would need 10,966 additional child care slots to meet the needs of JOBS participants, with a significant number of those being hard-to-find infant slots;
- Wisconsin surveyed 72 county welfare departments and found that all but one county believed there was a need to expand the day care supply due to welfare reform.

While some States are using unmatched State dollars to build supply (Wisconsin, for example, has allocated $2 million to recruit providers for AFDC and non-AFDC families), without Federal matching funds many other States may not be able to bring new providers into the system.

B. *A Forthcoming HHS Instruction May Limit State Discretion to Develop Health and Safety Protections or Quality Assurances that Apply to Subsidized Informal Child Care.* Based on meetings with HHS officials, it is our understanding that HHS is considering issuing an instruction that will preclude States from imposing conditions on informal care arrangements [1] paid for under Title III of the Family Support Act unless such conditions also apply to unsubsidized care. We do not believe that the Act intends or permits such a limitation on State discretion to determine what standards should apply to child care paid for under the Act.

State administrators have expressed serious concern about the position under review at HHS. They recognize the importance of informal care, both to ensure parental choice and to increase their child care supply. However, many also believe that if they are using State dollars to help purchase care for low-income children, they should try to ensure that children are placed with caregivers who will not endanger their health or safety.

The conditions that States have imposed on informal child care arrangements paid for with IV-A funds are minimal, and focus on basic health and safety concerns:

- Maine will pay for relatives providing child care if they have a protective records check.
- Ohio pays for informal caregivers who become certified through a county process. Generally, the provider must be at least 18 years old, must sign a Statement that he or she does not have a criminal record, and must meet minimal health and safety standards. Typically, the process includes a home visit. Past home visits have found some situations that would put a child at risk (for example, drugs or dangerous weapons in the caregiver's home).

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[1] Informal child care may be legal child care that is not subject to family day care regulations because the caregiver is, for example, caring for fewer children than the number that triggers application of family day care licensing requirements.

- Iowa will pay for informal child care under its transitional child care provisions only if the provider is registered, a process that includes filling out minimal paperwork, having a criminal and child abuse registry check, and being subject to a spot-check of the home for safety.
- Other States (for example, California and Connecticut) have similar policies.

We recognize that the Family Support Act does not require States to develop standards for informal care. However, in the legislative history Congress was explicit that it was not imposing a Federal standard for State child care regulation, and did not authorize HHS to do so. The agency's proposed policy, however, does precisely that, by dictating the areas in which States may or may not regulate to protect the children they serve. The perverse result would be to deny States the flexibility to develop precisely the kind of basic health and safety standards that Congress recognized is so important for children served through the Act.

C. *The Regulations Reduce the Supply of Child Care and Discourage Coordination with Other Early Childhood Programs by Capping Federal Matching Funds at the 75th Percentile of the Local Cost of Care.*

The Act provides that States can get Federal matching funds for paying up to the local market rate for child care. The final regulations, however, cap Federal matching funds at the 75th percentile of the local cost of care. This restriction is unauthorized by the statute. It deprives States of access to the supply of child care they need to serve AFDC families, restricts parent choice, and prevents States from coordinating with other programs as Congress intended:

- California's GAIN program pays rates that go up to between the 90th and 93rd percentile cost of care, a practice that has significantly expanded access to care. Based on interviews with resource and referral agencies that place and pay for GAIN participants who use subsidized care, the Child Care Law Center reports that in San Diego at least one-third of the current GAIN providers have rates above the 75th percentile. In Alameda county, 25–30 percent of current providers charge above the 75th percentile. In Humboldt County, limiting reimbursement to the 75th percentile would virtually eliminate access to licensed family day care in some parts of the county.
- State officials in Ohio report that in many counties the 75th percentile rate is so much lower than the amount paid for Title XX care or for school-based preschool programs that counties cannot coordinate these programs or ensure continuity of care as a child moves from one subsidy program to another. One official noted that the lower AFDC rates will buy lower quality care that is the least comprehensive. In some areas the rates will not buy care that includes meals or transportation.
- Last month, a letter from the Iowa Department of Human Services to the Iowa Congressional delegation reported that the 75th percentile restriction is more restrictive than current Iowa practice. The letter noted that "[b]esides severely limiting the State in its ability to ensure child care for JOBS participants, these final regulations also restrict parental choice . . . and place the child at risk of being 'warehoused' by substandard providers."

We appreciate the opportunity to share our findings with you. State child care efforts are encouraging, although States have a number of barriers to overcome in order to shape quality child care programs for AFDC families.

The State experience underscores the need for the additional child care supports that are contained in pending Federal legislation, as well as for changes in Federal regulations related to the child care provisions of the Family Support Act. We look forward to the continuing opportunity to work with you and your staff to ensure that the promise of quality child care for poor children made in the Family Support Act becomes a reality.

PREPARED STATEMENT OF MARTIN M. GERRY

Mr. Chairman and Members of the Committee. I welcome the opportunity to speak to you today about our progress in implementing the Job opportunities and Basic Skills Training (JOBS) program, a leading priority of Secretary Sullivan and this Department. For the first time, through the JOBS program, we can provide important opportunities to decrease dependency of many welfare recipients. By working with the States to effectively implement this program, evaluate it, and build on its strengths, we can offer welfare recipients the hope of a better life through self-sufficiency. We are strongly committed to working toward this goal.

In the fall of 1988 Congress passed and the President signed the Family Support Act of 1988, calling for a reform of the nation's welfare system to help families achieve self-sufficiency. One major component of the Family Support Act is the JOBS program. The Act directed this Department to promulgate final regulations for the program by October 13, 1989. This was a truly ambitious schedule for developing guidelines for a major new program. The task was made even more ambitious by the fact that there was a change in Administrations taking place at the same time.

When Secretary Sullivan took office last spring, he made implementation of the Family Support Act one of his top priorities. Under his direction, this Department issued the final JOBS regulations on time. We believe this document was strengthened through the extensive consultations we conducted with States, Tribes, interest groups, and other interested individuals.

JOBS is now a reality in 27 States and for 40 Native American grantees. All States and many more Native American grantees will implement the program by October of this year. Through JOBS, needy families will be provided with the education, job training, and employment programs they need to become self-sufficient. In addition, they will be provided child care and other supportive services necessary for participation in JOBS.

But JOBS is just one part, albeit an essential part, of an overall effort by government to help families achieve and maintain self-sufficiency. The strengthening of the child support enforcement program through such initiatives as immediate wage withholding and mandatory support guidelines; the provision of child care and medical assistance; and many other types of services also are involved. Only by working on all of these aspects can we accomplish the goal we all have set—providing an environment where families can become, and remain, self-sufficient.

As you requested, today's hearing will focus only on one of these areas—implementation of the JOBS program. But, before describing the numerous JOBS programs being implemented in the States and the types of activities we have undertaken to assist the States, I would like to take just a few minutes to summarize the principles that guided the Department as it drafted final JOBS regulations. These principles are critical because they underscore our desire to assure that States implement JOBS programs that will provide meaningful, useful services to the greatest number of welfare recipients who need, and will benefit most from them.

Because not all families have similar needs and not all communities offer the same paths to self-sufficiency, flexibility and variation in program design are imperative. Thus, the JOBS program encourages States, and localities within States, to pursue different approaches. Based on the evaluation and analysis of these efforts, successful strategies can be identified and shared, thereby strengthening the overall effort.

In order to allow for this variation, one of our principal objectives in developing the regulations was to maintain State flexibility wherever possible. The only instances where flexibility was limited was when there was a compelling statutory or programmatic reason to do so. For example, States have wide latitude in defining the mandatory JOBS components, such as "job readiness" activities and basic education. States also have the final authority over the development of employability plans. This included the ability to decide what optional components to offer, the sequence of components through which a JOBS participant progresses, and the content of individual components. All in all, under the current regulations, JOBS is very much a State designed and State administered program.

However, as mentioned earlier, there were some areas where we felt compelled to set more stringent guidelines. One such area involved young, custodial parents, defined as parents under the age of 20. Here, JOBS must play a preventive as well as remedial role because research shows the continuing presence of a defined population of long-term welfare dependent individuals. For the most part, this segment of the overall population (nearly 50 at any one time) may be characterized as including individuals who drop out of high school and become unwed parents as teenagers.

For this population, we must intervene early and intensively to provide the support needed by individuals at a crucial point in their lives to change course, to reorient toward self-sufficiency. Wisely, Congress chose to mandate educational activities for these individuals, and in accordance with this goal, the Department's regulations provide very limited exemptions from these activities.

Another principle of importance involved incentives to States to develop comprehensive services for the most disadvantaged members of the eligible population. While many individuals can and do leave the AFDC program on their own or with minimal governmental assistance, the most disadvantaged beneficiaries often require more intensive assistance to achieve the same transition to economic self-sufficiency.

To ensure that this program focus occurs, the participation standard in the JOBS regulation establishes a minimal level of participation. The "averaging approach" adopted by the regulation encourages States to run both lower intensity programs for those who do not require extensive services to become employed, and provides incentives to States to develop comprehensive, intensive programs for the most disadvantaged members of the overall group.

Ensuring the crucially important role of parents in selecting child care arrangements, which has been repeatedly cited by both President Bush and Secretary Sullivan, also required that the JOBS regulation constrain State flexibility. In this regard, our regulations put a premium on parental choice, within cost guidelines set by the State. The provision of child care has turned out to be a particularly difficult area to regulate and we are continuing to look at many of the thorny issues which have been raised.

Finally, while JOBS provides a large, new source of funds to States, it must be used to pay for numerous services for many eligible welfare recipients. The reality of both Federal and State budgetary constraints, and the widely recognized need to better integrate existing resources formed the basis for three important policy decisions regarding State administration of the JOBS program.

First, the JOBS regulations require the States to maximize their use of existing resources to ensure that JOBS money does not "buy out" existing programs, but rather supplements and expands them. The regulations carefully followed the statutory provision that JOBS money must not pay for services that are otherwise available on a non-reimbursable basis.

Second. the regulations mandate coordination and consultation between the JOBS program and other governmental and nongovernmental programs and services, including JTPA, education, business organizations, and private non-profit volunteer organizations that provide some of the services necessary for JOBS participants. In this spirit the regulations go beyond the precise mandate of the Statute. For instance, we required consultation with the State education agency, and we strongly encouraged States to consult and coordinate with a wide array of other organizations.

Third, because the child care entitlement is open-ended, prudent administration required that we define the statutory concept of the local market rate at a reasonable level. Our regulations define the local market rate for child care as the 75th percentile of available providers or slots, thereby allowing States to access three-quarters of all available child care for use by JOBS participants.

With the foundation of the JOBS program now clearly set in the statute and implementing regulations, I would like to leave the discussion of the JOBS regulations and turn briefly to the operational side of the program—what's been happening since October 1988. In announcing our proposed regulations last April, Secretary Sullivan encouraged States to move forward with JOBS implementation. Fifteen States implemented JOBS programs on July 1, 1989 (the earliest date permitted by law). As of today, 27 States and 40 Native American grantees are operating approved JOBS programs and five additional States have submitted plans to begin JOBS programs on April 1 of this year. All States and up to 80 more Tribal grantees will have programs in effect by October 1, 1990, the deadline set by statute.

The Department has expeditiously reviewed the State and Tribal plans as they were submitted so as to not delay program implementation. Over the next few months, we will continue to work hard to assist States and Tribal grantees in the drafting of their JOBS plans and in the review and approval of those plans.

A review of currently operational JOBS programs shows several encouraging trends, trends which reflect a serious State commitment to combat long-term dependency and encourage economic self-sufficiency. For example, most States have elected to implement their programs on a Statewide basis from the start, even though the statute allows for phased-in implementation until October 1, 1992. Many States are also offering three or four of the optional JOBS program components, even though only two are required.

Several States also have used the inherent flexibility of the JOBS program to support creative and exciting approaches. Let me describe just a few examples that reflect the promise offered by program flexibility.

At the San Diego County Learning Center, the county Department of Social Services and its local private industry council have established a jointly funded learning center model that utilizes computer-assisted instruction in neighborhood centers. Early outcome data is encouraging and indicates that many participants are achieving their education goals more quickly than they would in a traditional classroom setting.

Baltimore, Maryland's Project Independence combines JOBS services with an effort to keep teenagers in school. This program combines academic work with on-the-job training for which the student receives academic credit. program sponsors hope to retain at least 75% attendance with course requirements completed within a specified time frame.

The Pueblo County (Colorado) Headstart adds extended child care to the Headstart program, creating two hundred child care slots available on a sliding scale fee system.

In Nebraska, womens' groups, churches, and Jaycees donate transportation services in very rural areas so clients can participate in JOBS. The program also purchases low cost cars from local dealers, for as little as $250, for participants to use to get to work where no other transportation is available.

These examples provide a sense of some of the innovative approaches to self-sufficiency that JOBS offers. It also is just the beginning of what we hope to learn about what is going on in the States and localities. In-depth field reviews of operational JOBS programs will begin next month. In addition to providing a wealth of information, field reviews are a principal means of nurturing a mutually productive, positive working relationship between the Department and the States. These reviews will also accomplish two other important tasks. First, it will provide us a means for determining how a State is proceeding in the administration of its program. Good practices can be encouraged and problems can be discussed with each State. Second, field reviews will allow us to gather information that will be of use in evaluating the program generally.

Promising initiatives undertaken in some States and localities can be shared with other States to help them improve their provision of services to needy families. Identification of problems in the JOBS program will help Congress, the Department, and States improve the program where changes may be warranted. We encourage States and localities to continue to experiment with innovative approaches and through Federal technical assistance hope to improve on their chances of success by sharing these techniques with other States.

Let me continue for a moment on the subject of technical assistance. Technical assistance is a primary way in which the Federal government can help States in a cooperative effort to combat dependency and make the promise of self-sufficiency a reality for many needy families.

Earlier I spoke about the need for coordination between the JOBS program and other existing programs. We believed that this coordination had to begin at the Federal level. When we were drafting the proposed JOBS regulation, the Department established a close working relationship with the Departments of Education, Labor, and the Interior. Secretary Sullivan discussed the program personally with Secretaries Dole and Cavazos on several occasions. These discussions culminated in the signing of an interagency agreement between the three Departments to pool their resources to provide over $7 million in technical assistance to the States over the next three years.

The Family Support Administration sponsored a major conference on JOBS implementation in Falls Church, Virginia last November. Over 600 State, Tribal, and local officials attended four days of training and discussion on all aspects of the JOBS program and supportive services. Over 200 interest group leaders and congressional staff joined these officials at a plenary session at which Secretary Sullivan spoke, joined by Secretaries Pole and Cavazos. It was at this conference that the interagency agreement to provide technical assistance was signed. This agreement is not only important in its own right, but it sets an example of cooperation for the States, Tribes, and localities to emulate.

It represents an important part of our continuing efforts to help States and Tribes implement JOBS by committing the three Federal Departments to coordinate all technical assistance activities related to the program. This coordination will increase the effectiveness of our efforts to deliver high quality JOBS services, enhance capabilities among the different Federal, State, Tribal, and local agencies, promote model programs, and increase public awareness.

To implement the agreement, the three Departments will share responsibility in letting two major technical assistance contracts and monitoring their implementation. One contract will be for technical assistance to States, the other to Indian Tribes and Native Alaskan Organizations responsible for their own JOBS programs. Requests for Proposals to offerors for both contracts will be announced shortly.

In addition to providing technical assistance under this contract, we will continue to work extensively with States on an individual basis to address their specific needs. As part of this effort, several of our regional offices are planning activities for this spring that include conferences on JOBS marketing and coordination with the Department of Education and Labor and the volunteer community.

Thus far I have discussed what States, and we at the Federal level, have done to implement JOBS. Once implemented, however, it is essential that we carefully evaluate the effectiveness of these programs. A formal evaluation of the JOBS program will be conducted over the next eight years. The Department has entered into a major contract with the Manpower Demonstration Research Corporation (MDRC), a nonprofit social policy research organization, to conduct this important study.

The major purpose of the study is to learn the difference that JOBS makes in the lives of individuals referred to JOBS programs in ten selected sites. To determine this, specific outcomes—such as employment, earnings, welfare receipt, and educational attainment—will be measured. An approach called random assignment will be used to produce reliable data on the impacts of selected JOBS programs and strategies.

One of the lessons of the 1980's welfare-to-work program experience is that there are important differences in the extent of program effectiveness and the types of individuals who can benefit most from employment programs. Thus, a key feature of the "impact" analysis will be an assessment of which groups of welfare recipients benefit the most and from which specific components the most benefits are derived. These and other analyses will yield estimates of the JOBS programs' level of cost effectiveness from the perspective of the welfare client, Federal and State budgets, and society as a whole.

In addition, the study will analyze, in selected sites, the impacts of JOBS on the children of welfare clients. This will be an exciting new development. While previous research and evaluations of employment and training have focused exclusively on the adults receiving the services, this study would analyze how providing parents with education and training affects the lives of their children.

Finally, as another successful example of Federal coordination, the Departments of Education and Labor are considering providing funding that would enhance the core study in a number of areas. Agreements on these additional activities should follow this spring.

Making the JOBS program and its promise of self-sufficiency a reality for needy families is a challenging task. We are excited to be involved in this important effort in partnership with Congress, State and local agencies, other Federal departments, tribal grantees, a wide variety of JOBS service providers and, most of all, with the JOBS program participants. working together, I believe we can offer thousands of families the best hope in generations for achieving the goal of self-sufficiency.

In conclusion, on behalf of the Secretary, I want to express our thanks to the members and staff of the Committee for their continued interest in the successful implementation of the JOBS program. We look forward to working with you over the next several years.

I welcome your questions.

PREPARED STATEMENT OF MARK H. GREENBERG

Members of the Subcommittee: My name is Mark Greenberg. I am a Senior Staff Attorney at the Center for Law and Social Policy, a public interest law firm which engages in advocacy on issues affecting low income families. We are actively involved in analyzing, writing and speaking about State choices in implementing the JOBS Program and child support provisions of the Family Support Act. In the last year, we've done extensive analyses of proposed and final JOBS regulations; reviews of the first twenty five State plans; and publications addressing education, teen parent, child care, good cause, and other issues arising in JOBS implementation.

I want to discuss several issues in initial JOBS implementation. I want to begin, however, by reiterating a concern emphasized by Senator Moynihan: the difficulties posed by the continuing absence of an Assistant Secretary for Family Support. The FSA created this position effective February 1, 1989, but it remains empty. Despite the absence, the staff of the Office of Family Assistance have done an extraordinary job in developing proposed and final JOBS regulations, and in being accessible on JOBS implementation issues. We do not agree with all of their decisions, and indeed are profoundly concerned by some decisions. But OFA staff have been placed in an untenable posture by the lack of an Assistant Secretary who would be politically accountable for decisions that ultimately are political decisions.

In recent months, there have been serious delays in issuing regulations essential to program administration and recipient rights. Specifically:

- The FSA mandated joint regulations between HHS and the Department of Labor on a set of JOBS issues concerning worksite protections and grievance procedures. Proposed regulations were issued in April 1989, but no final regulations have been issued.
- All States must implement an AFDC-UP program by October 1, 1990. Many States must reach fundamental decisions about the nature of the programs in this legislative session. But there are no regulations to guide them.
- The FSA mandated that States apply child support guidelines by October 1989. There are no implementing regulations. The Act mandates that States expand automatic income withholding for child support by November 1990. States must pass implementing legislation this legislative session, but there are no regulations.
- As of April 1, States must begin to implement a program of up to one year of continuing medical benefits for certain AFDC recipients. But there are not even proposed regulations on the subject. While these regulations are ultimately the responsibility of the Health Care Financing Administration, surely an Assistant Secretary could have helped facilitate their development and release.

Appointment of an Assistant Secretary might not have assured timely issuance of any of these regulatory packages. But there would have been a clearly accountable person to which this Committee and others could address concerns.

Now I want to discuss some key JOBS implementation issues. I'll draw in part on data that wasn't available when the Family Support Act was enacted: data from demographic studies done in five States as part of JOBS planning. The data suggests that educational deficits among potential participants are very deep, and that for many recipients, the issue is less one of getting a job than of attaining a stable job with adequate income. The data underscores the need for education and training in State programs. There are three major implications for JOBS:

- Immediate job placements or reductions in welfare rolls are the wrong measure of program success if States are to adequately address long term educational needs;
- States must help teen parents complete their schooling. But an approach that has gotten much recent attention—that States should simply mandate high school attendance—may have significant destructive consequences;
- HHS regulations for participation rates create severe burdens for States that want to stress education and training in their JOBS programs.

We now know more about the enormity of education needs among the AFDC population. But the pressure of limited resources and HHS' participation rates may drive some States away from offering substantial education and training in their programs.

The FSA requires States to spend at least 55% of JOBS funds on target group members or face a lower rate of Federal financial participation. When the Act passed, target group information was limited in many States. From the five demographic studies, we now know there is substantial State-to-State variation in target group size. In the five States, the largest group, recipients who have received aid for at least 36 of the last 60 months, ranges from 31% in Idaho to 80% in the surveyed counties of North Carolina. Parents under 24 without a high school diploma or with limited work history range from 17.7% in Idaho to 42.1% in North Carolina's survey counties. The smallest group, recipients whose youngest child was within two years of aging out of AFDC eligibility, range from 1.8% in Arizona to 4.7% in Louisiana.

Second, we now know more about the severity of educational gaps among potential JOBS participants. In Louisiana, 58% of adult recipients have not completed high school; 30% haven't completed 10th grade. In Illinois, 65% of those who've been on aid at least 36 of 60 months don't have a high school diploma. In Arizona, 37% of Job Service registrants last year reported having a diploma or its equivalent; among those reporting they had been on aid at least 36 of the last 60 months, just 31% reported having a high school diploma or GED. In Louisiana, 45% of recipients identified insufficient education, training, or work experience as their most important barrier to employment.

Third, over time, many recipients have paid employment. People sometimes refer to a transition from welfare to work as if recipients only do one or the other. This impression may be fostered because welfare rules in most States make recipients ineligible for aid as soon as or shortly after they become employed. So, at any given point, in many States, only a small percentage of current recipients are working; e.g., 3.2% in Arizona, 6% in Louisiana. But North Carolina uses a budgeting method in which low wage working families don't lose eligibility as soon as they become employed. As a result, 20% of recipients, and 15.5% of target group members, are employed.

For many families, the problem isn't obtaining employment; it is being paid enough to meet a family's minimal needs. In North Carolina, 39% of recipients were employed at some point in the last year, but average earnings for families with paid employment was $144 a week. In Arizona, 36% of potential participants reported employment in the last year, with average take home pay of $131/week; 63% were paid $4 an hour or less.

In addition to not paying much, the jobs many recipients got didn't last long. Though 30% of North Carolina target group members were employed in the last year, 90% had less than 4 months of paid employment. In Arizona, among those who had received aid 36 of the last 60 months, half those employed in the last year had a job lasting less than three months.

Some of this job loss may be reduced when States begin providing transitional child care and Medicaid under the Family Support Act. Arizona asked people why they lost their last job, and 25% cited either child care or illness. In Louisiana, 27% of recipients cited day care as their primary barrier to employment.

But States cannot base all their hopes on transitional child care and Medicaid provisions, for two reasons. First, many recipients won't meet all of the Federal eligibility conditions. For example, the law requires that an individual receive AFDC for at least three of the last six months before losing aid based on employment. So people who obtain jobs in their initial months of AFDC receipt will be denied the transition benefits.

The second limit of transitional benefits is that they will only last a year. While this is vastly better than prior law, a recipient who begins the year making $4 an hour or less is not likely to cease needing child care or medical assistance by the end of the year. So, transitional benefits will be a major help, but don't address all the problems of unstable, low wage jobs.

What does this mean for JOBS programs? On the one hand, it suggests that the income that makes a family ineligible for AFDC is often not enough to meet a family's needs. Accordingly, it suggests the importance of supplementing the income of the working poor through a range of strategies: child support, the earned income tax credit, minimum wage increases, improved AFDC benefits, and AFDC budgeting rules that treat earned income less harshly than current law. But the demographic data also reinforces a conclusion many States have reached in recent years: programs that simply rely on job search without addressing education and skill needs won't be sufficient to help many families attain enough income for their basic needs. So many States are now reorienting their programs to a new emphasis on education. As they do so, they face at least three major issues.

The first issue is how to measure success. Legislatures and the public need to understand that a program emphasizing education and basic skills must be evaluated based on long term performance, not immediate job placements or the year's reduction in welfare rolls. We know from past programs that many times, a State claiming credit for a high job placement rate was often merely taking credit for recipients' own activity. And we know that a job that makes a family ineligible for AFDC may still leave the family deep in poverty. If States are to primarily work with target groups and emphasize basic skills, then program evaluation needs to measure gains in basic skills and long term improvements in family circumstances. And it is essential that Congress and State legislatures provide stable funding for a period sufficient to fairly evaluate the program.

A second issue is how to provide appropriate education programs. For adults, many States are initially relying on existing community resources. What is available is not always what is most appropriate. But if the numbers outlined above are representative, we can anticipate States will quickly exhaust existing resources, and will be forced to develop new capacities.

For teens, States face a different issue. With limited exceptions, the FSA requires States to involve parents under 20 in education. Details are largely left to the States. On the surface, the simplest approach is to simply mandate high school attendance. But questions about this approach are raised by statistics from Wisconsin, the first State to require school attendance of teen recipients. In the 1988-89 school year, Wisconsin's mandated school attendance program had sanction rates far beyond those typically associated with work-welfare programs: After the first month, between 13% and 16% of the teen parents were sanctioned every month. For a teen mother and her infant, the monthly grant would be cut from $440 to $248. But despite the "stick" of sanctions, the percent of teen parents in school remained essentially unchanged.

It is too early to fully evaluate Wisconsin's approach. But the initial data suggests a mandated high school attendance policy may not bring teen parents back to high school; it may just sanction the parents and their infants each month. This wouldn't be surprising; there's much reason to believe that dropouts may be receptive to alternative programs, but cannot simply be forced back to school.

If States commit resources, build on successful approaches to teen parent programs, and proceed incrementally, JOBS may offer an opportunity to explore the mix of services most effective in helping teen parents continue their education. But the approach that might seem simplest and cheapest—mandated high school attendance—may have serious destructive consequences.

The last issue is the impact of participation rates. It is unfortunate that at the very time States are confronting the need for more extensive education and training program, HHS created a major barrier through its approach to participation rates.

In setting participation rates that begin at 7% and eventually go up to 20%, Congress sought to reassure those fearful that States would merely operate paper programs. At the same time, Congress sought to allow States substantial discretion in deciding the mix of services and nature of program participation. But HHS' definition of participation undermines Congressional intent, and undercut State education and training efforts.

Generally, HHS requires that the number of persons counting toward the State participation rate must average twenty hours of scheduled activity a week. 45 C.F.R. §250.78. Much of the discussion of participation rates has focused on the question of whether States can meet the rates, or have adequate tracking and reporting systems. But in the long run, the more significant question is whether States can meet the rates without distorting their decisions about recipient services.

For example, we know many participants need adult basic education. In many communities, existing ABE classes are typically four to six hours a week. This forces States to choose: place the participant in a six hour a week ABE class, and forego counting her toward the rate. Or mix six hours of ABE with fourteen hours of job search, which may make little sense based on the recipient's circumstances. Or, simply require twenty hours of job search. Not all States will opt for this last choice, but the deck is stacked. The easiest approach to meeting the rates is to rely on job search rather than education.

Or, consider the State that wishes to approve education and training classes at local community colleges or other postsecondary institutions. Typically, a full time load is twelve or at most fifteen hours a week. Carrying those classes along with parenting would be a full time job for most people. But when calculating hours for purposes of participation rates, HHS refuses to let States count class preparation time. So a full time student is only counted for her twelve or fifteen hours of class time. A State with 40% of its recipients in school wouldn't meet HHS' definition of 7% participation, unless some other group was participating at least 20 hours a week. Again, the State is forced to not use the person toward the rates, mix in job search, or abandon the education placement.

There is a school of thought that suggests we don't know enough to evaluate the impact of participation rates and should see several years of experience before making judgments. I don't share that view because it seems clear that this structure sharply penalizes States that opt for an emphasis on education and training. I urge this Committee to communicate to HHS that it has misinterpreted Congressional intent; that the role of participation rates should be to measure participation; and that once a reasonable threshold is met, a State's decisions about program resource allocation should be up to the State.

Before closing, I want to briefly note that I have not addressed a number of serious problems raised by the final JOBS regulations. Some regulations seem contrary to Congressional intent. For example, final regulations:

- add grounds for sanctions not contained in the FSA;
- permit States to impose waiting periods before removal of sanctions that are unauthorized by law;
- permit States to deny program access to volunteers from the Federal target group;
- prohibit States from using AFDC special needs for education and training needs not met by the JOBS program;
- permit States to deny needed child care to recipients in parts of the State where the JOBS program isn't operating.
- cut off a recipient's child care before a recipient can have a fair hearing on program or child care disputes.

I would be happy to provide more information or respond to questions on these issues or other aspects of JOBS implementation.

PREPARED STATEMENT OF DOUGLAS G. GREENWELL

WELFARE REFORM IN GEORGIA

The Georgia Department of Human Resources (DHR) through its Division of Family and Children Services (DFCS) has demonstrated a commitment to welfare reform that predates passage of the Family Support Act of 1988. This commitment is evidenced by the establishment of a long-range plan for welfare reform in 1987 and by the philosophy it contains. It is also demonstrated by welfare reform programs and activities that have grown out of our strategic planning.

The Goal of welfare Reform

The goal of welfare reform in Georgia is to reduce the number of children growing up in poverty. Currently 27 percent of Georgia's children are poor. The percentage of Georgia's children in poverty increased steadily throughout the decade of the 1980's from a level of 22 percent in 1979. Evidence of continuation of the trend is found in the fact that almost 30 percent of Georgia's children under six years of age are poor.

Strategic Planning

The Division of Family and Children Services Long Range Plan, published in December 1987, called for the creation of a welfare system capable of providing effective support to families. The plan emphasized the need for comprehensive family-based services that address barriers to independence. It heralded a shift from benefit-processing to family support.

The Long-Range Plan endorsed actions to reform the welfare system by providing family services. Recommended actions included:

—Improve AFDC by increasing work incentives.
—Improve AFDC by including two-parent families and increasing the standard of need.
—Work toward a single income maintenance program that links payment directly to need.
—Simplify and consolidate benefit payment programs.
—Develop a Statewide employment program that targets teens, including teen fathers.

Welfare Reform Programs and Policies

Employment and Training—Georgia implemented the Positive Employment and Community Help Program (PEACH) in July 1986. PEACH was developed as Georgia's WIN Demonstration.

The Georgia General Assembly initiated the creation of PEACH as a result of their evaluation of Georgia's Community Work Experience Program (CWEP) Georgia's legislators mandated that CWEP be replaced by a more comprehensive program.

The PEACH model was tested in a State-funded two county pilot in State Fiscal Year 1987 (beginning July 1986) The model service system was extended to eighteen additional counties before the transition to JOBS in July 1989. In the first three years of program operation, 15,845 AFDC recipients participated in PEACH activities; 5,584 became employed and more than $17 million in AFDC savings were reported.

Work Incentives—Georgia, in January 1988, made an AFDC budgeting change designed to provide for work and child support payment incentives. In effect, the Standard of Need became the cap on earnings and child support that a family can have before they leave the AFDC rolls. As Georgia raises the Standard of Need, families earning income or receiving child support have greater family income. Those with no earnings or child support income are limited to the AFDC maximum payment.

Georgia has placed a higher priority on raising the Standard of Need than on AFDC payment increases. The long-range goal is to raise the Standard of Need to the poverty level. If that goal is reached, Georgia's poor families could achieve at least poverty level income through a combination of work, child support and income supplements.

The Georgia General Assembly approved Standard of Need increases for State Fiscal Years 1989 and 1990. Over this period the standard was increased 12.78 percent to $414 per month for a family of three. The payment maximum is $273 per month for the same family size. This modest start means that AFDC families with earnings or child support have a cash income approaching 50% of the poverty level. Those with no other income receive cash benefits amounting to 32% of poverty.

JOBS IN GEORGIA

Georgia implemented the Job Opportunities and Basic Skills Program (JOBS) on July 1, 1989. Our implementation experience has included success as well as some negative results. Our concerns regarding barriers to success focus on those things that make it difficult for us to provide desired services to families in need. To the present date, our successes relate to the process of coordination and changes in our service system. Limited early outcome data supports these positive features of implementation.

Successes

Inter-agency Coordination—Georgia found the emphasis on coordination and coordination requirements to be positive features of the Family Support Act. From the first, JOBS in Georgia has involved a partnership of public and private agencies. We are only beginning to see the results of improved coordination of services.

Georgia's JOBS plan and its Title III Supportive Services Plan were products of three months of inter-agency planning and consultation. A Family Support Act Committee was instituted in December 1988 to oversee development of the JOBS plan. The Family Support Act Committee included State agencies, private social service agencies, community groups, clients and representatives from the business community. A representative sub-committee, the JOBS Plan work group, actually developed the draft plan.

Several key decisions were made to make Georgia's inter-agency network unique. First it was agreed that sub-State coordination and planning would occur within the Service Delivery Areas (SDA's) of Georgia's Job Training Partnership system. Second, it was decided that JTPA Private Industry Councils would be given the first opportunity to establish and operate JOBS Local Coordinating Councils (LCC's) Local Coordinating Councils, formed in every Service Delivery Area, would be responsible for local planning and coordination duties.

Local Coordinating Councils' duties are advisory in nature. Their responsibilities are:

- —To identify local client and labor market needs;
- —To identify existing resources;
- —To identify additional service and resource needs and plan for their development;
- —To identify agencies and programs that have the expertise and capacity to provide services for program clients, and
- —To review and revise plans based on an assessment of program outcomes.

Local Coordinating Councils, which now are fully operational, are broadly representative of the community. LCC's must include at least one representative from each of the following groups who either works or resides in the local SDA:

- —The Division of Family and Children Services
- —The Department of Labor
- —Private Industry Council
- —Public Education
- —The Department of Technical and Adult Education
- —Community Action Agencies
- —Rehabilitation Services
- —Labor or Employer Organizations
- —Higher Education
- —Child Day Care Providers
- —Transportation Providers
- —AFDC Clients (2)
- —Headstart Providers
- —Substance Abuse Treatment Providers
- —Business/Employers (approximately ⅓ of total LCC membership)

Other recommended, but optional members include:

- —Division of Mental Health/Mental Retardation/Substance Abuse
- —Local Elected Officials
- —Local Housing Authorities
- —Division of Public Health
- —Department of Parks and Recreation
- —Area Planning Commissions
- —Other Community Groups

State-level coordination continues to be provided by the on-going Family Support Act committee. The committee continues to play a valuable advisory role. The Governor's Employment and Training Council, which has a formal review and oversight function, has become more involved. The Governor's Council now receives frequent updates on implementation activities.

Broad-based consultation and planning take time. After over a year of close cooperation, real gains are beginning to be seen. The first evidence of improved services due to collaborative efforts has been expanded use of existing service systems—particularly in the area of education.

Expanded Services—The increased level of collaborative activity among agencies has resulted in dramatic increases in employment and training activities over SFY 1989 PEACH levels. The increases shown are far greater than would be expected based on expansion of the program from 20 to 33 counties. The expansion of the geographical coverage of the program increased mandated client levels by 20 percent. Monthly activity levels, however, have increased 124 percent from 1,481 in December 1988 to 3,317 in December 1989.

The greatest gains in participation have occurred in educational activities. In December 1988, 542 PEACH clients were in an educational program. In December 1989, the figure was 1317 participants. This marks a 143 percent increase in activity.

Increased education and training activity is due in large part to the relationships formed in the inter-agency coordination and planning process. Most early increases reflect a greater ability to access existing services. One example is in the area of Adult Basic Education. More AFDC recipients (592) received Adult Basic Education in December 1989, than participated in all educational programs combined in December 1988. This improvement can be traced, in part, to a very cooperative response by the Georgia Department of Adult and Technical Education to the JOBS challenge.

The positive response by the Department of Education, the Department of Adult and Technical Education, the JOB Training Partnership, Community Action Agencies, local School Boards and others in Georgia has accounted for our early gains. These agencies and our other JOBS partners are willing to go farther. Our ability to go farther, will depend on our ability to access needed resources when existing programs and resources are saturated. Additional resources will also be critical as we move forward Statewide implementation. New program areas do not have the organizational base that exists in current JOBS counties.

Barriers to Success

Some JOBS regulations and requirements represent barriers to achieving the goals of welfare reform. Definitions and requirements regarding JOBS activities restrict flexibility. Monitoring, tracking and reporting requirements are costly and burdensome. The most serious problem involves those Federal requirements that interfere with inter-agency cooperative projects and those which divert dollars from client service to administration.

The Twenty-Hour Rule—The "twenty-hour rule" [250.1(5) (ii) (iii) (iv) (v)] remains a problem. States can count two persons in 10 hour per week activity as one participant under the new rule. One objection is that many well-designed programs sponsored by the JOB Training Partnership and under the Carl Perkins Vocational Education Act are 15 hour courses. Under the criteria, full-time college attendance is not a full-time activity—only hours in the classroom count toward the 20 hours. This limits use of existing programs.

A second objection to the twenty hour rule is that it is based on cumbersome monitoring and tracking requirements. In order to get some credit for activity, States must add a layer of computations to the already burdensome monthly tracking required by the law. Adding up one-half and three-quarter time participants introduces an artificial element to monitoring. The complexity and the artificiality of reporting statistics further reduces the utility of data gathered for State management purposes.

Georgia, in particular, feels that the twenty hour rule makes it difficult to perform effective case management. Georgia is committed to developing individualized service plans. Job-ready applicants do not need intensive services. Service plans for mothers of young children who have part-time employment may not include an activity that meets the Federal standard.

On-the Job Training (OJT)/Work Supplementation—The requirement that AFDC recipients participate full-time in OJT and Work Supplementation programs poses similar problems. It does not fit with the guidelines of the Job Training Partnership—thereby raising another barrier to coordination. It interferes with the development of individualized employment plans. This rule [250.1(5) (vi) (vii)] is not sensitive to research findings by the Manpower Demonstration Research Corporation (MDRC) and others. MDRC has found that gradually increasing work hours is a very effective plan for many clients in these programs. In this sense, the full-time requirement is not sensitive to client needs.

Other Regulations Regarding Component Activities—Other regulations regarding assessment and limits on Work Supplementation pose some problems. The final regulations [250.44] allow States to count an assessment as an activity (two hours in one month). This concession, however, may not be worth the administrative cost of tracking assessment activity. The prohibition of using welfare funds for existing jobs in Work Supplementation progress [250.62] denies States an alternative that can be effective.

Child Care Issues—Georgia does not have adequate child care resources to support JOBS expansion. As we move toward Statewide implementation, we will move into areas that have virtually no available child care. Georgia, like most other States, needs Federal matching funds to recruit and train and license child care providers.

Georgia has spent State funds to develop child care resources. Those funds were diverted from funds available for purchasing child care. The Family Support Act envisioned Federal matching funds as an incentive to developing comprehensive Statewide employment programs. Statewide expansion will involve extensive child care resource development efforts.

Georgia is also concerned about limits on child care rates. The provision limiting rates to the 75th percentile of local rates [254.4(a) (2) (iii)] may have adverse affects on quality of care in some localities.

Several issues remain regarding transitional child care [256.2(b) (3)]. One problem involves the requirement that in effect does not allow transitional child care for those who have not received AFDC for three out of the previous six months. This eliminates applicants and short-term recipients from child care benefits. It seems to contradict the legislative emphasis placed on service to applicants. Many welfare dependent individuals have a long history of coming on and off the AFDC rolls. These individuals will be penalized as well.

A final barrier to quality service in transitional child care involves parental choice requirements. The State agency, in effect, cannot reject any child care option suggested by a parent. This means that we must pay for some unsafe and low-quality care. This provision contradicts the emphasis placed on the health and safety of children in the Family Support Act.

Transitional Medical Assistance—Congress wisely incorporated deadlines for the publication of interim and final JOBS regulations. This was invaluable to States, such as Georgia, that implemented the program in July 1989. Where Congress did not specify dates for publication, such as in the area of transitional medical assistance, delays have occurred. States are implementing transitional medical assistance in April 1990. To date, interim regulations have not been released. This will delay State-level policy development and cause confusion at the service delivery level which will affect client services.

State-Wideness Definitions—Georgia is committed to maximum possible program expansion. The Division of Family and Children Services' Long Range Plan contains the following strategy: "Expand the PEACH/JOBS program Statewide."

Georgia, under the "75/95" rule, would have to provide full services in 54 counties. The rest of Georgia's AFDC population is scattered throughout 105 counties. In many of Georgia's counties, "generic" eligibility and social service workers will be responsible for JOBS activities. This makes it important that rules regarding staff assignment and administrative cost matching funds are flexible.

Administrative Costs—Preliminary regulations disallowed enhanced Federal matching funds for staff not engaged in JOBS activities full time. Final regulations [250.1] permitted a cost allocation system and extended the definition of matchable administrative activities. Georgia viewed this as a positive step in terms of the intent of the Family Support Act. The Act intended that enhanced match serve as an incentive for States to expand programs—in terms of Statewideness and increased activity.

Cost allocation forms are illustrative of unnecessary burdens to States. Workers must indicate whether they are engaged in an activity with a client. If so, they must indicate if the client is in a JOBS target group. They must specify the component activity in which the client is engaged.

In addition to county and State staff time costs associated with cost allocation data elements, there is another problem with the system. Full-time, dedicated JOBS staff time must be documented as well. Cost allocation sampling should be confined to "generic" eligibility workers and other non-JOBS county staff.

Donated Funds and In-Kind Match—Under the final rules, 90 percent IV-F funds may be accessed by cash or in-kind contributions. For other IV-F funds, in-kind match is not acceptable. Donated funds must be transferred to the IV-A agency's administrative control. In combination, these regulations have prevented collaborative projects with other State agencies.

This problem has surfaced as we have tried to reach agreements with the Georgia Department of Education (GDOE) GDOE has State funds for education and training. The Department of Human Resources (DHR) has IV-F funds. DHR cannot give the Department of Education IV-F funds as match for DOE State funds. Available State funds needed for JOBS education and training activities will end up being spent elsewhere. This serves as a barrier to the expansion of this valuable resource.

Reporting and Monitoring—In order to meet reporting requirements regarding participation, JOBS case managers must engage in time-consuming verification procedures. A JOBS case manager, with an average caseload of 60 active clients must, at minimum, do the following for each client monthly:

—Verify attendance with providers;
—Determine hourly participation; and
—Make "satisfactory progress determination."

The requirements take time from the real function of case managers. They have less time to work directly with clients and to work with service providers. Data entry and data management costs are involved as well.

Information Systems—States do not get sufficient support for needed changes in existing information systems. Information system enhancements and development should be subject to 90 percent Federal Financial Participation. At present, 90 percent Federal funds are available only for system interface. The cost of transforming existing FAMIS systems will be substantial. In addition, HHS should review data processing costs and re-consider current limits for Advanced Planning Documents.

WELFARE REFORM: UNFINISHED AGENDA

The strengths and positive aspects of the Family Support Act of 1988 point the way to next steps in reforming our welfare system. The Family Support Acts calls for unprecedented inter-agency cooperation—and yet barriers to cooperation remain. The landmark legislation emphasizes efficient use of resources and an end to duplication of services—and yet fiscal policies frustrate the coordinated use of funds and staff. Finally, the structure of the Act itself re-orients priorities toward child support and employment— and yet disincentives to self-sufficiency survive.

Simplification and Standardization of Programs for Poor Families

The number and complexity of programs for the poor make it difficult for States to pursue the goals of welfare reform. Program complexity requires eligibility caseworkers to focus on forms and reports and not on families and family problems. One example from the AFDC program which has survived into the era of JOBS is the "connection to the work force rule" for two-parent AFDC. Under this rule, families are eligible if they have earned income in six out of thirteen quarters in any of the previous 17 quarters. Our benefit programs are laden with rules such as these which require excessive verification and paperwork.

Inconsistency of regulations and eligibility criteria are not necessary. A simple linkage to income and Federal poverty standard should be adopted. Eligibility for AFDC should suffice to establish eligibility for other programs. There is no need to turn welfare caseworkers into clerks when they could be arranging or providing services to poor and troubled families. Simplification and standardization would enhance the States' ability to provide Statewide JOBS services including supportive services. Eligibility or "generic" caseworkers could provide basic services in areas where there are not JOBS case managers and could improve services where comprehensive programs are established. The current categorical programs make it difficult to manage resources effectively.

Families have problems that do not fit neatly into categories. Many family problems affect the ability of parents to gain and maintain employment. A JOBS case manager should have the flexibility to respond. One example is alcohol and drug abuse. Although these problems are linked to the ability to work and provide for children, JOBS funds cannot be used for treatment.

Congressional action to integrate and coordinate public assistance programs is needed, but major action of this kind will take time. In the interim, Georgia recommends that States be granted the authority to develop integrated assistance systems. This authority should not be tied to research that requires different eligibility rules and policy in different State sub-divisions. All assistance programs with eligibility criteria should be subject to consolidation via State plan. State plans for consolidation and simplification would be subject to approval by the Federal administrative agency.

Work Incentives

The Family Support Act introduced a number of important work incentives. Transitional Medicaid and child care are important in this regard. The Act also introduced some changes in AFDC budgeting that were beneficial to working recipients. These, in conjunction with Georgia's strategy related to increasing it's Standard of Need, have improved client incentives.

The remaining task is to review other policies that effect incentives to work. Housing policy is central in this regard. Approximately 20 percent of Georgia's AFDC families live in public housing or receive a housing subsidy. Many of those receiving housing assistance are long-term AFDC recipients. In most cases increased earnings have an immediate impact on housing support. In an era when an increasing number of AFDC families are becoming homeless, loss of housing assistance is a severe problem.

The disincentive to employment associated with housing policy in Georgia is most pronounced in the Atlanta Metropolitan Area. More AFDC recipients in the Metropolitan area are dependent on public housing and other housing supports than are recipients in other areas of the State. The Atlanta area has higher housing costs. A one bedroom apartment averages $360 per month. Few entry-level jobs will absorb the cost of re-location for the many AFDC recipients in Atlanta.

Georgia's Vision

Georgia's Department of Human Resources and its Division of Family and Children Services have a vision of a reformed welfare system. In that system, family-oriented services would be directed toward creating strong independent families. The role of the welfare agency will be to provide needed educational services, training, supportive services, social services and financial assistance. In return adult recipients are expected to work or prepare themselves for work. Supports should be continued until a family is truly independent. Financial assistance should supplement earnings and child support to provide each family with at least a poverty-level income. Supports should gradually drop away as the family strengthens and becomes more independent. This vision requires a service system that is coordinated, flexible and responsive. Without such a system, poor children will continue to become dependent adults.

PREPARED STATEMENT OF JUDITH M. GUERON

Good morning. I am Judith Gueron, President of the Manpower Demonstration Research Corporation. I appreciate the opportunity to appear today before this Committee to share my observations on the implementation of the Job Opportunities and Basic Skills Training (JOBS) provision of the Family Support Act of 1958 (FSA). You are to be congratulated for your early interest in how this very significant legislation is faring in States and localities. All too often, public policy initiatives drop from view when the debates are over, the compromises struck, and the intentions of the policymakers memorialized in law, regulations, and budget lines. One of the key points I want to make today is that, with the JOBS program, implementation will be as big and important a story as the crafting of the legislation. And the implementation story is not one for which we can now confidently predict the ending. Critical choices and challenges lay ahead for State and local administrators across the country.

In my remarks, I will begin by sketching the landscape in which JOBS implementation is taking place. Then I will describe the complex set of issues that must be resolved as the JOBS title and regulations are transformed into services for recipients of Aid to Families with Dependent Children (AFDC). Finally, I want to share my reasons for believing that the next few years will bring exciting opportunities to increase our knowledge about welfare policy implementation and effects.

A FRAMEWORK FOR JOBS IMPLEMENTATION

My comments about implementation of the JOBS program are drawn from MDRC's ongoing contacts with States in both research and technical assistance projects. We also look forward to carrying out the major study of selected JOBS programs that was very wisely provided for in the Family Support Act, and to learning from a number of important State studies currently under way. At this early stage, however, my observations rely not on the type of rigorous documentation we will have from the future evaluation, but on three sources: (1) the provisions of the title and implementing regulations—taking into account both what these require of States and the flexibility provided to States to shape their JOBS programs; (2) what we know about the implementation of welfare-to-work programs from the 198, including some that anticipated JOBS in scale and complexity; and (3) impressions formed over the last year as our staff have provided technical assistance on JOBS implementation in a number of States, and more recently, as we—along with the Department of Health and Human Services (HHS)—have begun to discuss the JOBS evaluation with State officials.

The JOBS Legislation and Regulations

As I indicated in my testimony before this Committee last spring, the JOBS title is only one part of the Family Support Act, which is a wide-ranging law that expresses what has often been called a new consensus about responsibility: the responsibility of parents to support their children and the responsibility of government to help people on welfare become employable and obtain work. To carry out the government's side of this new social contract, the law includes many changes that would make work more attractive (including transitional child care and Medicaid), creates the JOBS program and related services, and authorizes a significant expansion of resources for those purposes. The implementing regulations issued by HHS last October take another step toward putting the contract into effect by detailing administrative processes and the ways in which States will be accountable for their efforts.

As is typical with complex pieces of legislation, the JOBS title has many messages, reflecting diverse views of the goals and means of moving people off welfare. This is not at all surprising—both because the FSA is the result of our political traditions of negotiation and because our knowledge of what works in increasing the employment and earnings of welfare recipients, and reducing welfare payments, is incomplete. While the authors of the legislation are to be commended for considering lessons from past research in drafting the JOBS title, there is still much that we do not know.

As a result, JOBS simultaneously pushes States in two directions. First, it emphasizes human capital development and the importance of investing to increase the employability of potential long-term welfare recipients. This suggests more expensive services. Second, it establishes the concept of monthly participation standards and extends a participation mandate to a much-enlarged share of the AFDC caseload (including, for the first time, mothers with children under six years old). This suggests serving more people.

The JOBS provisions and the implementing regulations include but do not reconcile these different directions. They will be reconciled at the State and local level, in the actual design and implementation of welfare employment programs. Because JOBS is less a single "program" with Federal "requirements" than a vision that encourages States to move in a particular direction by promising enhanced Federal matching rates, they have responded and will respond very differently. The essence of my testimony today is that the process by which implementation is occurring is complex, often difficult, and heavily dependent on the willingness of State and local officials to commit resources and make the program their own.

The JOBS funding formula suggests that State action is the key to forward motion. Expanded and restructured welfare employment programs will exist only if States want and are willing to pay for them. And because JOBS is only one piece of FSA, funding for JOBS will, in varying degrees, compete with funding for other aspects of FSA as well as broader State programs. Funding decisions may be particularly hard for some of the poorer States, especially those that face the simultaneous challenges of starting a new AFDC-Unemployed Parent program, implementing the supportive service entitlements, and implementing JOBS. But even in the wealthier States, hard choices will have to be made about allocating resources. Although JOBS represents a substantial increase in funds for welfare employment programs compared to recent years, it does not mean that States will be able to provide in-depth services for a large proportion of their caseloads, or even that, stretched thin, JOBS-funded services will reach all of those eligible.

Lessons of the 1980s for JOBS Implementation

As you know well, the declining Federal Work Incentive (WIN) funds of the late 1970s and 1980s, combined with the Federal encouragement to States to experiment, led to a wide variety of approaches. These ranged from small, fairly expensive programs that emphasized client choice of activities and voluntary participation, to larger programs that also offered a choice of services, to programs providing a fixed set of services for a broad segment of the welfare caseload on a mandatory basis. In contrast to the Family Support Act provisions, however, the broad-coverage programs of the 19805 were generally limited to single-parent AFDC households (predominantly headed by women) with children of school age. Most critically, such programs generally emphasized job search and work experience, with relatively little education or training.

One way to characterize the system-wide, broad-coverage programs of the 1980s for which there are definitive research results is that they spent on average between $200 and $1,100 per person required to participate. We have called these "low- to moderate-cost" programs, but it is important to note that they did not operate at the scale suggested by JOBS. Because JOBS both provides more generous funding and calls for broader coverage than WIN—that is, it extends program requirements to women with younger children—these figures still represent the range of resources that most States will have available for JOBS for the average eligible person.

The principal lessons from past studies of these programs that may apply to JOBS are:

(1) Findings on Participation

The key lesson on participation was that it proved feasible to implement large-scale programs, but that participation, for many clear reasons, was substantially less than 100 percent. In MDRC's research, participation was defined very differently from the approach in the JOBS regulations. We counted those who *ever participated* within about one year of becoming eligible. By this measure, the programs achieved participation rates in the 40 to 65 percent range. But the programs evaluated were often not operated on a large scale. And, to achieve the highest rates, programs had to make *major* investments in administration and work with almost all targeted individuals. The difference between how we—and others—have measured program participation in the past, and the monthly standard set for JOBS programs, is a major JOBS implementation issue for States and localities right now and one that I will return to later in my testimony. It is also a reason why "countable" participation rates under JOBS will almost certainly be substantially lower than these past rates.

(2) Findings on Program Success

While we have strong evidence that these programs can succeed, the lessons for JOBS implementation depend in part on whether States set as their main goal increasing earnings or reducing AFDC receipt. This is a bit complex, but because different goals—accommodated in FSA—drive JOBS program designs, I want to spend a few minutes on it, and ask three questions.

a. If a State's JOBS goal is to increase people's employment and earnings, what would you expect from programs like those already studied?

Basically, you should be encouraged. First, in general, these programs led to 10 to 30 percent increases in employment and earnings (across all of the caseload targeted for the program, not just those who got services), and these impacts lasted for at least the three years of available follow-up. Modest, but enough, when combined with the accompanying welfare reductions, to make those programs cost-effective.

Moreover, resin its show that one program, the San Diego Saturation Work Initiative Model (SWIM), did better than the others for welfare recipients—and had among the best results for the full eligible population (recipients and applicants). SWIM succeeded in raising average annual earning for the typical AFDC recipient who was a mandatory SWIM registrant by a substantial $900 a year. From my perspective, this will emerge as the number to beat or even come close to equaling in any large, Statewide JOBS program of the 1990s.

Second, the earnings gains usually reflect more people working, not people getting better jobs. This is not surprising for programs in which the primary service was job search. There is some—but substantially weaker—evidence that programs with more education and training (including on-the-job training) increase job quality, not just job-holding.

Third, and this is a key point, earnings gains were not equal across all groups in the caseload. The most employable showed little or no gain. That is not a surprise, and indeed was one of the findings that lay behind the "counter creaming" targeting in the JOBS legislation. A middle group of moderately disadvantaged people showed consistent and fairly large gains. But earnings impacts were also limited for the least employable: the (potential) long-term recipients who are targeted under the Family Support Act.

Thus, if a State JOBS goal is increasing earnings, then primarily job search programs have inconsistent and weak results with the most disadvantaged groups in the caseload, but solid impacts for a broad middle group.

b. If a State's JOBS goal is to reduce welfare payments, what would you expect from programs like those studied?

You should be uncertain, since earnings gains are not always accompanied by welfare reductions. In fact, some of the programs that had the largest earnings impacts showed—on average—almost no welfare impacts. While programs that include upfront job search appear to lead to pretty consistent welfare savings, these savings are not very large because not all jobs got people off welfare. Thus, these programs reduced welfare receipt (that is, they reduced the share of people among those targeted by the program who remained on the rolls) by up to 8 percentage points.

Looking at welfare savings, one would reach different conclusions for targeting services in JOBS programs than those suggested by the findings on earnings impacts. The lesson for the most employable the same: there are no long-term welfare savings from serving this group; they often move off the rolls anyway. But here, in contrast to the story for earnings, the major welfare reductions occurred from serving the most disadvantaged groups.

c. If a State sets as its primary JOBS goal increasing net income and reducing poverty, what would the research findings from past programs indicate?

One lesson from prior research—on WIN and WIN Demonstration programs and on more intensive, targeted programs such as Supported Work—is that, on average, earnings gains will be largely offset by reductions in AFDC and other benefits. This is not a new discovery about the AFDC system: we know that it does not contain strong work incentives. But, despite the fact that they often come out not much ahead, many people take jobs and leave the welfare rolls. This is a clear tribute to people's desire to get off welfare, regardless of the hard economics of work *versus* welfare. In a fundamental way, States have this going for them in the design and implementation of JOBS programs.

The research on the programs of the 1980s thus provides a starting point for State and local administrators designing JOBS programs, but there are major open questions. Three, each tied to a major innovation in the JOBS legislation, seem especially important:

1. How will women with younger children fare in welfare-to-work programs? What will it take to achieve high participation rates and positive impacts for this group?
2. Will greater investments—for example, in education and job training—lead to larger impacts, particularly for long-term welfare recipients? Will any additional gains justify the expanded outlays? Given the critical role JOBS gives to education, and its emphasis on serving the most disadvantaged, there is special urgency in getting more robust findings on this issue.
3. Will mandatory education programs for school dropouts translate into employment and earnings gains, and welfare savings?

States' Response to JOBS

Turning now to our impressions of how States are responding to the JOBS legislation and regulations, the first important point is one that you know well: States are beginning the implementation of JOBS from very different starting places. Some have run large programs and have considerable funds. Others are starting practically from zero and have very limited resources. This diversity is a fundamental issue affecting JOBS implementation, especially given the broad flexibility that JOBS gives States in designing their programs. The experience of the recent past is our best predictor of one aspect of the JOBS implementation story: States will put up very different amounts of funds for very different programs. While all States face a theoretical requirement to serve all adult recipients with children three years of age or older, none will have adequate resources to provide everyone with comprehensive services. States are having to make choices between "coverage" and "intensity," that is, between running programs that broadly cover a large number of people or programs that provide more enriched services to fewer people, or some combination of the two. Past experience suggests that States are likely to vary in their choices, reflecting different visions and resources. We see this today. Some States are running JOBS programs that offer minimal services to a large share of their caseloads on a Statewide basis, planning to add enrichments over time, whereas others are offering a full range of services in selected localities or to specific target groups.

We know that the JOBS implementation story will unfold differently across the country. It is also likely to unfold more slowly than many in Washington expect. Evolution is another theme of JOBS implementation. There are several reasons for this. The first reason is related to States' commitments to pre-JOBS (WIN or WIN Demonstration) programs and the fact that many States have built widespread support through the 1980s for a particular model. Early-starting JOBS programs, based on our observations, do not look radically changed from the pre-existing welfare-to-work programs. As a first implementation step, some State officials are deciding how to adapt their WIN programs to new JOBS rules, in part because they have many of the JOBS components in place.

Therefore, in the short term, JOBS implementation in these States may produce relatively limited revisions in target populations, resources invested, and types of services provided. It should also be recognized that the legislation built in phase-in periods or later start-up for many of the major innovations in the program, including transitional benefits, Statewide JOBS operation, participation rate goals, and AFDC-Unemployed Parent provisions. However, planners and program administrators in States with substantial commitments to pre-JOBS programs are likely to revisit JOBS program design and implementation decisions in the future. Iterative or incremental change, in other words, is likely to be another theme of the JOBS implementation story.

The second reason that JOBS implementation is likely to unfold slowly is that the statute and regulations are extraordinarily complex. They simultaneously offer State and local officials a very wide array of choices and demand a very large number of interrelated decisions, many of which call for entirely new information. I will discuss later in my testimony what I think are some of the most important choices for JOBS design and implementation. But the point I would make here is this: the process of understanding the choices implicit in the JOBS legislation and regulations, and educating all the State and local actors needed to make the key decisions, is time-consuming and fraught with difficulties. Furthermore, the research findings from programs of the 1980s I have just reviewed are not simple either. State and local officials who seek to apply this knowledge to their choices under JOBS—and our experience suggests there are many—do not have an easy task. At this stage, we see JOBS administrators in many States struggling with the implications of their choices.

Let me give you just one example. The JOBS participation rate standards established in the law and elaborated in the HHS regulations are calculated in a different way—using different data—from operational indicators that States are accustomed to developing. (As I Stated earlier, the new standards are also different from participation rates MDRC has developed to evaluate welfare-to-work programs, although we did produce similar measures for the San Diego SWIM demonstration.) As a result, State officials do not know with confidence how their pre-JOBS program participation levels compare with the performance JOBS requires. To make informed decisions about redesigning and/or expanding their programs to meet the JOBS participation goals, most State and local planners need to collect and analyze more detailed statistics than they currently have available. At the same time, they need to help their State legislators, service delivery staff and many other interested groups understand that a 20 percent participation goal may not be as easy to achieve as it sounds when compared to the old rates of 40 to 65 percent. Critical implementation decisions turn on very technical questions of which welfare recipients count in the numerator and denominator of the new JOBS participation rate.

A third reason that JOBS implementation should be considered an evolutionary process is related to this type of complexity. The management information systems needed to track and report on participant activity in the detail required by the JOBS statute and regulations are generally not in place. Furthermore, development of these systems—both the automation capacity and the capacity to collect participant activity data and get it into automated files—takes a long time. Two years is optimistic in our judgment, if what is expected is accurate, universal reporting of weekly participation hours in JOBS. While this might be considered primarily an issue for Federal oversight and program evaluation, it is important to stress the "management" in "management information systems." State and local JOBS administrators will eventually depend on these data, too, to track their operational performance, judge their outcomes, and adjust their program designs. In our work to date, we have discovered few, if any, States that are prepared to begin detailed reporting on JOBS participation soon.

The fourth reason I see JOBS implementation as a several-year process is that program administrators are often reaching beyond the boundaries of their traditional service delivery systems. For example, to access the educational resources needed for welfare recipients who dropped out of school before graduation or need basic skills training or English as a Second Language (ESL) training, welfare agencies are having to grapple—often for the first time—with unfamiliar organizations that have different goals, performance standards, and financing procedures. Creating new JOBS service networks also takes time. New partners must not only understand each other and identify shared purposes, but they must also understand the implications of JOBS rules for their separate systems.

MDRC's recent work with five States that are implementing education programs for AFFDC recipients illustrates this phenomenon. While each of the programs we are studying was designed specifically to link schooling to the welfare program, none initially planned for the complicated procedures and extra resources needed to create recordkeeping systems, collect and verify actual attendance, and follow up on absent students. This has been a particularly important issue in welfare/education programs that include financial incentives and/or penalties tied to school attendance. You cannot make your incentive system effective if it takes months to find out which people were in school for the required hours or days. Tight coordination between welfare offices and school officials has been critical. Attendance monitoring has been a particular problem in community colleges, as well as in some night schools and GED programs, where students often work on individualized programs and where attendance record-keeping may not be a normal practice. In addition, all five States have decided to create new education resources as their implementation proceeded. These have included alternative education programs, teen parent classes, basic education that is concurrent with skills training, and same-day follow-up procedures when students are absent from their class. As States expand their welfare-to-work programs under JOBS to cover the under-age-20 parents and 16- to 18-year-old young people in AFDC families, and as they add education activities for adults, they will increasingly face these issues of institutional change.

Such observations lead me to urge caution over the next two to three years as you continue to follow the JOBS implementation story. Expectations that are too early and too high have been the bane of social programs. JOBS is ambitious and challenging enough to deserve a lengthy shake-out—or evolutionary—period. I would also urge that you not focus on a single number as the measure of successful JOBS implementation, and particularly not on the achievement of the participation rates as defined in the JOBS regulations. This is important, since we know from rigorous evaluations that programs that, in the past, operated under very different standards produced positive results and proved cost-effective.

In tracking JOBS implementation, it may make sense to have short-term and long-term expectations, given that some States have been building their capacity to do JOBS—under other names—for years, while others are farther behind. While this suggests that we focus on several time horizons, I am not suggesting that it is too early to attend to JOBS implementation. The very reasons that suggest that the JOBS story will unfold slowly also mean that there is a danger of drift in JOBS implementation—that is, a potential tendency not to make the hard choices. This *is* an implementation issue to watch carefully.

CRITICAL PROGRAM DESIGN CHOICES

If I were looking for early signs that JOBS implementation is progressing, I would first want to know whether States had made clear-cut choices in several areas. There are six dimensions of program design that seem most compelling from our observations of 1980s-style welfare-to-work programs. These might be summarized in one broad question: who will get what, for how long, from whom, and under what conditions?

1. Will there be a fixed sequence of activities for everyone or variable activities?

Our participation findings suggest that it is a significant administrative challenge to achieve high participation rates in programs that provide the same basic service to most eligibles in the same basic order—that is, in a fixed-sequence model. But it is even more difficult to accomplish this when there are variations in services. While fixed-sequence models may be easier to implement, AFDC caseloads are made up of distinct subgroups with varying employment chances. This fact—and the complex provisions of the Family Support Act—may push program designers toward variable-service models.

Another option, seen in California's GAIN program and other State initiatives, is to split the caseload into two or more major groups—for instance, those who have basic literacy skills and those who do not—and create different fixed-sequence models for each.

The choice between simpler or more complex paths through a program may have major implications, given JOBS' participation goals, since we believe that achieving a 20 percent participation rate every month will be a significant new challenge.

2. Will programs cover the full caseload or target specific populations?

Leaving aside for the moment the issue of what share of the enlarged JOBS-eligible population can be served with the resources available, who will be selected for JOBS represents a major tradeoff. As I mentioned earlier, the research findings suggest that a decision on this issue will depend in part on the primacy attached to different potential program goals: for example, increasing earnings or reducing welfare payments.

But I would also note that States trying to move from the research findings to program design face a problem in this area. While the research may suggest not using scarce resources to serve the most employable new welfare applicants, we cannot be sure that, if the more disadvantaged welfare recipients were grouped into separate programs, they would benefit to the extent seen in programs serving mixed populations.

3. To what extent will participation be mandatory or voluntary?

The nature of participation requirements for welfare-to-work programs has been the focus of intensive debate over the last decade. The Family Support Act leaves up to the States the question of how much emphasis should be placed on recruiting volunteers for JOBS *versus* enforcing obligations to participate. Our experience suggests that, in operation, there is a spectrum of approaches to persuasion, rather than a clear dichotomy between mandatory and voluntary programs.

But at the extremes, these two types of programs may look quite different and may have different impacts. Of critical importance to State choices for JOBS are the implications of this feature for program administration and design. The procedures, systems, and staff needed to make mandates effective may be quite different from the types of services and marketing efforts needed to successfully attract volunteers.

A decision on this issue has obvious importance for participation rates. In general, higher participation can be expected in programs with continuous, mandatory requirements, deferrals that are limited and granted for short periods of time, and enforcement procedures that are triggered quickly. However, while the data are not easy to interpret or compare, a recent Urban Institute report on Massachusetts' Employment and Training (ET) Choices program suggests that participation can also be high in an aggressively marketed voluntary program.

In JOBS—where States need not only to get people active but also to have them average a substantial number of hours a week in services—the factors affecting measured participation may differ from past experience. For example, we do not know if programs that are more or less mandatory will be more or less successful in getting those people who do participate to satisfy the new JOBS attendance standard of 20 hours a week.

4. Will participation requirements be continuous or short-term?

For those programs that adopt mandatory participation policies, the duration of the obligation imposed is another program design dimension that has implications for JOBS performance and administrative practices.

Results from MDRC's evaluation of the San Diego SWIM program, which I mentioned earlier, show the participation rates that are possible under very favorable conditions when a continuous obligation is adopted. The San Diego administrators got special funds and attempted, in two offices in the county, to "saturate the caseload." A goal was set of getting 75 percent of those AFDC applicants and recipients available to participate in the program actually participating every month, in part by requiring AFDC recipients to participate in SWIM as long as they continued to receive AFDC.

While San Diego staff did not reach the 75 percent goal, they did achieve the highest participation rates for AFDC single parents we have seen, and, as I mentioned earlier, the program also produced among the highest and most consistent employment and earnings impacts for a broad-coverage program that we have measured so far, as well as the highest welfare savings. However, we do not know precisely which feature of the SWIM program led to these results: for example, the continuous participation requirement, the extensive administrative experience of the San Diego managers, the combination of up-front job search and later education and training, or other characteristics of the environment and caseload.

It is difficult to compare how participation was calculated in SWIM and JOBS, but the SWIM experience suggests that States will have to work with a much greater share of the caseload than is suggested by the rates in the legislation if they are to realize the JOBS statutory goals. In SWIM, program staff had to work with—and spend money on—almost the entire mandatory caseload to achieve their relatively high monthly participation rates.

5. To what extent will services emphasize human capital development versus job placement?

The mix of services offered in JOBS programs may be the most important design choice States face. The Family Support Act prescribes the parameters, and the JOBS rules establish minimums, but States and localities must decide how much education, job skills training, work experience, job search, and other activities will be offered, and to which groups on welfare.

There is particular uncertainty around education services for welfare recipients. Questions include: Who should get the services? In what sequence? Who should the service providers be? What exit criteria should be established? These are key design dimensions, but we do not yet know what the instructional content and methods might look like and whether they matter.

This dimension of program design—the program services—is closely connected to those I mentioned before. The answer to how much of each service should be provided follows from decisions about sequence, and the nature and duration of participation requirements, as well as from the characteristics of AFDC caseloads and State goals for JOBS programs.

For example, in a fixed-sequence program model, the highest participation rates will always be achieved in the first component of the sequence. This is because of the natural turnover of the caseload. Demand for services offered subsequently will depend on what occurs in this first component—how many clients attend, how many complete the component, how long it takes them to complete it, and so forth.

PREPARED STATEMENT OF CESAR A. PERALES

Good morning Chairman Moynihan and members of the Subcommittee. I am Cesar Perales, commissioner of the New York State Department of Social Services and chair of the American Public Welfare Association's National Council of State Human Service Administrators. APWA is celebrating its 60th year as a bipartisan organization representing the State human service departments, local public welfare agencies, and individuals concerned with social welfare policy and practice.

I am here today to represent the views of State and local human service administrators on the status of implementation of the Job Opportunities and Basic Skills Training (JOBS) program and related supportive services of the Family Support Act (FSA) of 1988 (P.L. 100-485).

Let me first say thank you on behalf of the State and local human service administrators Mr. Chairman for holding this hearing today. Too often interest in Federal legislation wanes once it is enacted and implementation begins. The administrators appreciate your leadership and commitment to ensuring timely and effective implementation of the Family Support Act.

The commitment of human service administrators to reform of our welfare system is as strong today as it was five years ago when the administrators, through APWA, began our own welfare reform policy development effort culminating in our report, *One Child in Four.* This commitment was validated for me again during a two-day meeting of administrators in early November. During those two days my colleagues and I talked openly and honestly about the formidable challenges facing us in implementing the Act. Nonetheless there continues to be unanimous commitment to changing the current income maintenance system into a process that promotes self-sufficiency of families receiving welfare.

The results of a survey conducted by APWA, which I will share with you in a moment—bears out the fact that States are making significant progress in achieving the goals of the JOBS program. The survey shows that in the 27 States that have begun implementation of JOBS we are already beginning to witness fundamental, positive change in the way services are delivered. As a colleague noted during our meeting in November, we see not only change in the methods of service delivery, but dramatic change in the "culture" of our organizations.

In October, I met with 200 administrators and staff from 30 States at a technical assistance seminar held in Denver hosted by a consortium including APWA. I am convinced after meeting with them that we should not underestimate the importance of this change in the culture of our organizations. Without it, I seriously doubt that our goals for the Family Support Act and JOBS will be accomplished.

Staff throughout human service organizations, from eligibility workers and case workers to supervisors and administrators, have a renewed commitment and enthusiasm for their jobs and the clients they serve as a result of their involvement in planning and implementing JOBS.

Mr. Chairman, I want to commend the staff of the Family Support Administration of the Department of Health and Human Services for their commitment to timely and effective implementation. As you know, the department met the rigorous deadline for issuing the final regulations as set forth in the Act. This is a tremendous accomplishment given the complexity of the law and the absence of a permanent administrator in the position of assistant secretary for Family Support.

I also want to thank the department for making the multi-year study of selected welfare employment programs operated under JOBS a high priority in the early phases of implementation of the program. APWA and the States strongly support this evaluation as evidenced by the fact that 18 States have submitted letters of intent to participate in the study. Equally important has been the department's commitment to providing technical assistance to States. I commend Secretarys Sullivan, Dole, and Cavazos, for the contribution of funds to support a multi-year training and technical assistance project.

Supported by grants from the Ford Foundation and Foundation for Children, APWA has been actively involved over the past six months in a consortium with the National Governors' Association, the National Association of Counties, and the Council of Chief State School Officers in providing technical assistance to State and local human service, education, employment and training, and other government officials. This consortium has first-hand knowledge of the critical need for technical assistance, and supports the Federal government's initiative in this area.

Having noted these steps taken by HHS, I would like to note that on Feb. 7, 1990 APWA president Ruth Massinga and A. Sidney Johnson III, executive director, wrote President Bush expressing concern about the delay in naming an assistant secretary. A copy of the letter is attached to this testimony. I know you share our concern, Mr. Chairman, and like you, hope the Administration recognizes the important role this position will play in the successful implementation of the Act. Any further delay will almost certainly undermine the States' ability to move forward in a timely and effective manner.

APWA SURVEY OF FSA IMPLEMENTATION

In October APWA conducted a survey of all States on the status of implementation of the JOBS, supportive services, and AFDC-UP provisions of the Family Support Act. I would like to take a few moments to highlight some of the major findings from the survey.

Implementation Timeframes

Fifteen States began implementation on July 1, 1989, the earliest date allowed under the Act. Ten States began implementation on Oct. 1 and two States began implementation on Jan. 1 of this year. According to the Family Support Administration, six States are expected to begin implementation on April 1 and have submitted their State plans for review by HHS, two States plan to begin implementation on July 1, and seventeen States plan to begin implementation on Oct. 1, 1990.

It should not be surprising that 27 States have already begun implementation of JOBS since the education, training and employment and supportive services provisions of the Act were modeled after the innovation and experience of States already operating welfare to work programs. Nonetheless it is a remarkable record given the complexity of the new requirements of the Act, and particularly the final regulations issued on Oct. 13.

The reasons the remaining States delayed implementation until Oct. 1 vary. For some, budgetary considerations are a factor. For many others information suggests that they simply have chosen to take a cautious approach to implementation. At this point nothing suggests that delaying implementation will affect a State's ability to provide services on a Statewide basis by Oct. 1, 1992 as required under the Act. Overall, 31 States reported to APWA they plan to implement JOBS on a Statewide basis upon approval of their State plan by HHS. Fourteen States reported they plan to phase in Statewide coverage of the program.

Client/Agency Agreements and Case Management

In *One Child and Four* the human service administrators proposed the use of a client/agency agreement or contract between the human service agency and recipient of cash assistance. The agreement would require services on the part of the agency and action on the part of the client encompassing education, training, employment, and supportive services. The use of client/agency agreements is an option under the Act.

APWA surveyed the States to determine how many require, or plan to require, a client/agency agreement. Thirty-one States responded they plan to require a client/agency agreement. All but two States will require agreements on the part of all participants in JOBS rather than limiting this option to only those assigned to case managers or members of the target groups specified in the Act.

States also have the option of assigning a case manager to JOBS participants. States were asked in the survey whether they will assign case managers to JOBS participants and, if so, whether case managers would be assigned to all participants or only to participants from the target groups specified in the Act. Thirty-five States responded that they will assign case managers to all participants while three States responded they will assign case managers only to participants in the target groups.

Use of client/agency agreements and case management represent significant departures from previous practice in welfare to work programs for many States. While various models and approaches are used across the country, there is consensus on the importance of having the capacity to assess, broker, and monitor client progress through State and local service delivery systems.

Education and JOBS

Integrating education and work program activities poses one of the most significant challenge for States. On the whole, State policies for education mirror the requirements of the Act and final regulations. Generally, for parents under 20 who have not completed high school States require participation in an educational activity unless participants are beyond compulsory attendance requirements or fail to make satisfactory progress. Most States plan to require participation in a basic or remedial education activity for parents over age 20 unless the individual demonstrates a basic literacy level or the long-term employment goal does not require further education.

JOBS Program Activities

The Act requires State JOBS programs to include a wide-range of services and activities. In addition to the education activities mentioned above, States must offer job skills training, job readiness activities, and job development and placement. States must also offer two of the following activities: group or individual job search, on-the-job training, work supplementation or community work experience (CWEP) or other work experience programs approved by HHS.

In the APWA survey all States reported they plan to operate job search and on-the-job training. Thirty-five States planned to operate CWEP although ten States will operate the program less than Statewide. Approximately thirty States operated CWEP under their WIN or WIN Demo program.

With regard to the work supplementation program, the Family Support Act prohibits States from assigning participants to fill any established, unfilled vacant position. Some States have expressed concern that this new requirement would limit the use of work supplementation because participants must be assigned only to newly created positions. APWA asked States about the degree to which this requirement would be a barrier to implementation or utilization of work supplementation. States were asked whether the requirement would have no impact, a moderate impact, or a major impact in their decision to implement the program. Nine States reported the requirement would have no impact on their decision to implement the program. Nineteen States said the requirement would have a moderate impact typically meaning that it would limit the number of participants assigned to this activity. Six States said the provision would have a major impact and they would not implement the program while sixteen States responded that they would not implement work supplementation, but said the provision was not a factor in their decision.

It appears that States implementing both on-the-job training and work supplementation have the best opportunity for resolving any potential problems with the limitations imposed by the statute. A few States have indicated that they combine the two programs into a single placement program using on-the job training for existing positions and work supplementation for new positions. There is thus no direct impact on the client or the employer.

Automation System Development

Given the Act's substantial financial and data reporting requirements, particularly as a result of the hourly participation requirements imposed in the final regulations, APWA asked States to describe their automation system development capabilities. All but one State reported they did not have an automation system that would enable them to meet the reporting requirements specified in the Act and regulations.

The majority of States are expected to experience problems initially in collecting and reporting program and financial data. The majority of States report they do not have the ability to track, monitor, or verify hourly participation. While every State responding to the survey said they are either developing or planning to develop a new or modified automation system or subsystem, information provided by States indicates that interim systems will have to be used until new or modified systems are in place. Delays in developing automation systems will undoubtedly affect program efficiency and effectiveness.

Child Care

APWA surveyed States to determine how they will guarantee the availability of child care during participation in JOBS. The results of the survey revealed that States plan to use a variety of methods to guarantee care. The majority of States reported they will either arrange care through contracts with providers, reimburse the caretaker relative, or use the child care disregard.

Surveys by the HHS Office of Inspector General (OIG) and the Children's Defense Fund (CDF) provide additional information about the supply of child care. The OIG found that there is a lack of available child care slots in many areas of many States, particularly for infants, toddlers, half-day care, and the availability of after school programs. Of the fifteen States that implemented the JOBS program on July 1, 1989 only four of the States believed their current supply of child care was enough to meet the child care demand according to the CDF survey.

This issue is critical to ensuring opportunity for success for participants in the JOBS program. Restrictions imposed on States in the final regulations on the use of Federal funds for recruitment and training of child care providers, resource and development, or licensing activities will only exacerbate the problem of child care availability. Mr. Chairman I will elaborate further on this issue later in my testimony but I encourage you to monitor the developments around availability of child care very closely. We do not want to see large numbers of individuals unable to participate in JOBS because of the failure of Federal policy, through regulation, to promote expanded child care options.

AFDC-UP

The Family Support Act requires all States to begin to operate an AFDC-UP program on Oct. 1, 1990. States without an AFDC-UP program in effect on Sept. 26, 1988, have the option of limiting cash assistance benefits to six months in a twelve-month period.

Of the twenty three States responding to the survey currently without an AFDC-UP program, eight reported they will limit cash assistance to six months. Eight States reported they will provide benefits without time limitation and seven States had not yet established a policy.

As you know, the Act also gives States the option of providing AFDC-UP payments to participants after their successful completion of JOBS program activities. All but one of the States planning to limit eligibility for cash assistance also plan to provide for payment after participation in JOBS. Fifteen States had not yet established a policy.

The Act also requires a parent in each AFDC-UP family to participate at least 16 hours per week in a JOBS activity starting in FY 94. Seventeen States responded they plan to implement this requirement early, the majority by Oct. 1, 1990. Sixteen States reported they would not implement this requirement prior to FY 94. Sixteen States were unsure when they would implement the requirement.

FINAL REGULATIONS

As you know, the final regulations implementing the JOBS program and related supportive services provisions under the Family Support Act were issued by HHS on Oct. 13, 1989. Although the department did not take into account all of the concerns raised by APWA, NGA, and State human service administrators in written testimony before this Subcommittee on May 15, 1989, and comments submitted to HHS a number of important changes to the proposed regulations were made. Again, the Family Support Administration is to be commended for not only issuing the final regulations within the timeframes prescribed by the Act, but also for their willingness to listen to and consider the many concerns, issues, and ideas raised by States. Family Support Administration staff continue to work closely with APWA and the States in resolving the many technical and substantive issues raised by the Act and regulations. I am confident that this close working relationship will continue, and once again thank the staff in FSA for their cooperation and assistance.

Hourly Participation Requirements

I would like to limit my testimony to a few issues that I think are of major importance and warrant discussion today and close monitoring in the future. The first issue is hourly participation requirements under the final regulations for purposes of determining participation rates required by the Act.

Under the proposed regulation States would have been required to place individuals in certain JOBS components for at least 20 hours per week in order to meet the participation rate requirement under the Act. In addition, the Notice of Proposed Rulemaking (NPRM) did not include as participation, in order to count toward a State's participation rate, time spent in orientation, assessment, developing the employability plan or job development and placement. APWA has expressed concern that the consequences of hourly requirements for individual components of JOBS activities would denigrate the legislative intent to provide individualized, intensive services to the most severely disadvantaged AFDC recipients. In addition, we commented that excluding orientation, assessment, and development of employability plans from participation in JOBS would act as a disincentive to provide some of the more critical activities under the program. APWA and the States disagreed with HHS that job development and placement were "agency" activities. It is our experience that many clients find and develop their own employment opportunities as a result of these program components.

The definition of participation in the final regulation was revised to an average of the monthly number of individuals whose combined and average weekly hours of participation equals or exceeds 20 hours. The final rule also includes assessment, employability plan development, and job entry as activities that can count toward a State's participation rate. As in the proposed rule, however, job development and placement activities will not count toward participation under the final regulations.

Generally States are pleased that the definition of participation was modified to allow States to average individuals who participate more than 20 hours per week with individuals who participate less than 20 hours per week. States are also pleased that assessment, employability plan development, and job entry count toward a State's participation rate. There is concern, however, that the new definition of "participation" will continue to have an impact on States' ability to design programs that are responsive to the needs of the individual and to tailor programs in a manner that accounts for the varied economic conditions of a State. States may still be forced to channel participants through "filler" activities to meet the participation quota to avoid receiving fiscal sanctions through a lower match rate. For example, participants assigned to educational components are not likely to participate in such components up to 20 hours per week. In such cases, States may be forced to also place the individual in job search or CWEP if there is concern about the 20 hours per week average.

Mr. Chairman, my colleagues and I believe it is clearly realistic to expect certain individuals to participate in JOBS at least 20 hours per week. In many cases this will be reasonable and in our minds constitutes the kind of meaningful participation that was intended by the Congress. But we must also recognize that for some individuals ten hours may be the most we can expect. Attempts are being made in most States to target the most economically disadvantaged individuals. In the course of doing so, individuals with very serious, multiple problems are being assessed for participation in the JOBS program. We are prepared to face the challenge of assisting these individuals and investing considerable resources in the process, but there must be the flexibility to do so. Program design must be driven by the needs of clients, not to meet an arbitrary hourly participation requirement.

States are also concerned that the durational participation requirements, including the new requirement that States verify whether individuals satisfactorily participate in at least 75 percent of the scheduled hours for an activity in a month, will add to the burden of monitoring or tracking client participation on an hourly basis.

Mr. Chairman, I believe that Judith Gueron, President of the Manpower Demonstration Research Corporation (MDRC) is scheduled to testify later in this hearing. While I do not want to preempt her remarks, I do want to highlight an important finding about participation from a study recently released on the final evaluation of the County of San Diego's Saturation Work Initiative Model. The evaluation was conducted as part of a demonstration testing the feasibility and effectiveness of requiring ongoing participation in employment-related activities by a high proportion of the welfare caseload. The definition of participation was different than what

States will be using under JOBS, nonetheless the findings are very revealing in terms of tracking and calculating participation.

We believe the MDRC findings indicate that substantial financial and human resources will have to be devoted to ensuring high quality data is collected and reported. According to the final report, "Although the existence of the SWIM automated tracking system made the calculation of participation rates much easier . . . both San Diego County and MDRC staff invested substantial time producing these rates. Within any given month of SWIM, there was great variability in registrants' patterns of program eligibility and participation. For example, individuals could move on or off welfare, participate on some days but not others, or move from one program component to another."

APWA staff recently contacted a number of States that have begun implementation of JOBS. Most of the officials said they do not know how they are going to track the required information. A few were even unsure about whether they can meet the participation rate requirements. This is clearly an issue of great concern to States. We hope you will monitor it closely as States proceed with implementation.

Child Care

The final regulations prohibit States from imposing licensing or certification standards on subsidized, informal care unless such standards also apply to unsubsidized, informal care. In other words, if a JOBS participant requests reimbursement for child care costs in an informal child care setting that is not currently regulated or certified by the State, the State agency must reimburse the cost of care and cannot certify or regulate the child care provider. According to the Family Support Administration, the rationale for this regulation is that if States are allowed to impose standards on informal care where they do not already exist, parental choice will be severely restricted. Unfortunately, this policy is in conflict with existing statute and policy in many States. For example, in many States child care is subsidized only if the child care provider is certified or regulated depending on the type of child care setting. Again, we encourage you to monitor this issue to determine the extent to which it presents a barrier to States and participants.

Medicaid Regulations

Transitional child care and medical assistance provisions of the Act go into effect on April 1, 1990. and States were required to submit their State plans for the transitional child care program on Feb. 15, 1990. These plans are currently under review by the Family Support Administration. While we appreciate the fact that regulations and proposed State plan pre-prints for transitional child care have been made available by the Family Support Administration, the same cannot be said for the Health Care Financing Administration (HCFA). States have not been provided any official policy guidance to date on the requirements for implementation of the new medical assistance provisions. These provisions are due to go into effect in little more than a month, Mr. Chairman. We are concerned that the delay in issuing any policy guidance or regulations will seriously hamper State efforts to effectively implement and operate this critical provision of the Act.

UNFINISHED BUSINESS

As you may recall, Mr. Chairman, State and local human service administrators expressed their strong support to establish an alternative national system of welfare benefits based on a Family Living Standard (FLS) as proposed by APWA in One Child in Four and during hearings on the Family Support Act. Last year Congress appropriated funds for FY 90 to the Family Support Administration to initiate certain demonstration projects under the Family Support Act. We hope you will join us in encouraging the Family Support Administration to provide funding to the National Academy of Sciences to conduct a study of a new national system of welfare benefits as authorized under the Act.

CONCLUSION

Once again, Mr. Chairman, I appreciate the opportunity to testify today and thank you for holding this hearing. We hope you will continue to schedule hearings in the future as it is essential that interest in the Family Support Act does not diminish as implementation of the Act continues over the next several years.

AMERICAN PUBLIC WELFARE ASSOCIATION,
February 7, 1990.

Hon. GEORGE H.W. BUSH,
The White House,
1600 Pennsylvania Avenue, N.W.,
Washington, DC

Dear Mr. President: On October 13, 1988, in the Rose Garden, President Reagan praised those who had accomplished, "what many have attempted, but no one has achieved in several decades—a meaningful redirection of our welfare system." In signing the Family Support Act of 1988, Mr. Reagan pledged the best efforts of the Federal Government to "a significant and generous national commitment to enchancing the self-sufficiency of welfare recipients."

Mr. President, under the terms of that law a new Assistant Secretary of Health and Human Services for the Family Support Administration was to have been named and confirmed by February 1, 1989.

One year later, more than 13 months into your administration, and 16 months since passage of the Act, that position remains unfilled. Two candidates apparently have been seriously considered but have withdrawn from consideration in part because of the *length* of the delays in advance of their nominations—the latest having withdrawn January 26.

As a result, implementation of the most important legislation in the welfare arena since the Social Security Act, itself, is underway in the States without the key leadership required at the national level.

The HHS Family Support Administration, under former acting Assistant Secretary Catherine Bertini, did an admirable job of meeting the October 13, 1989, deadline for publication of regulations for a key program under the Family Support Act. Progress since that time, however, has slowed considerably despite the best efforts of the FSA staff. There are critical questions about the actual structure and operation of the revitalized welfare-to-jobs program that must be addressed if, together, we are going to see the goals of the legislation met.

The American Public Welfare Association offers its assistance to you, to your staff, to HHS Secretary Louis Sullivan, and anyone else in the administration, in securing a nominee for this position.

It was, after all, this nation's poor children who were intended to be the prime beneficiaries of the Family Support Act, whose opportunities were to have been expanded by virtue of job raining and employment for their parents. This is simply too important a position to be allowed to remain vacant, for whatever reason.

We urge your attention to this matter.

Thank you very much.

Very truly yours,

A. SIDNEY JOHNSON III, *Executive Director.*

RUTH MASSINGA, *President.*

COMMUNICATIONS

National Association of Counties,
Washington, DC.

Senator Daniel Patrick Moynihan,
SR-462,
1st and C Streets, N.E.,
Washington, DC

Dear Senator Moynihan: The National Association of Counties greatly appreciates the interest you have shown in the implementation of the Family Support Act, especially the Job Opportunities and Basic Support (JOBS) program.

Counties have been very involved in implementing this new program, both in the 16 States where counties directly administer welfare and in the States where local programs, such as the Job Training Partnership Act providers, are actively involved.

Two major problems have arisen that could seriously curtail the State and local coordination that is necessary for the JOBS program to be effectively implemented.

State and local match, an important part of the JOBS program, will be seriously hindered by the regulation language and FSA interpretation that says the match funds must physically go to the State or local welfare agency for administration. Well written coordination agreements that outline the amount of funds to be used for match activities, the number of slots and the type of activities will provide the needed protection for the use of the funds and yet still encourage other agencies to participate. Education, child care agencies, mental health services will be reluctant to pass over funds when they must show accountability for their expenditure as well within their agency even though they may be very open to targeting them exclusively for JOBS participants.

Consistent answers on implementation issues are also important to ensure that JOBS implementation flows smoothly. The Family Support Administration office in Washington is looking to regional offices to provide guidance to States on JOBS implementation. However, answers being provided to the States are sometimes very different than what is outlined in the regulation preamble and rule language. One example of this was the State of Maine being told by the regional office that if it contracted out case management or job training activities it would lose any possibility of enhanced Federal match though both the regulation language and preamble make it very clear that contracting these services is possible.

Attached are the findings on other issues of concern that have been raised through an informal survey of county human service administrators and a series of conference calls on JOBS implementation.

NACo appreciates any help you can provide in addressing these problems. Please feel free to call upon us for more information if needed.

Sincerely,

Ann Klinger, *President of NACo.*

Attachment.

NACo conducted a survey of county human service administrators and held several conference calls with both county human service administrators and Job Training Partnership administrators to identify additional concerns. Seventeen States are represented in the results. The key issues raised in the survey were:

Funding Levels (43 out of 57 responses)
Linkages with education and other programs (43 out of 57)
Local area Involvement (35 out of 57)
Data Collection Issues (35 out of 57)
Child Care—Local Market Rate Determination and other concerns (28 out of 57)

This process also identified a number of implementation issues, some which can be addressed through technical assistance, some which will require national legislative action.

DATA NEEDS

—Data flow to meet various requirements—participation rates, 20 hour rule, target groups. How can this be done the most effective way between the variety of agencies, how can data systems (MIS) already in place be linked, how can forms and processes already developed be used to meet the requirements.

The collection of demographic data to assist in the development of plans and required slots.

Evaluation of JOBS with questions about what will be the outcomes that need to be evaluated other than participation rate and target groups.

CHILD CARE

Development of the most flexible use of funds available.

Meeting the needs of special child care, both through linkages and development. The special needs include teen parents with young children, drop in care for participants doing orientation and assessment, infant care and dealing with competition for child care when JOBS participants cannot commit to full need for child care.

Linkages with Head Start and other special education programs in place so that they can provide some of the child care needed at odd hours, etc.

Wide variance of child care costs and quality requires some sort of control in choice. Consumer information may be the best approach.

LINKAGES

Three different needs for linkages were identified.

Identify and develop linkages with the variety of organizations who provide needed resources for service. Access to a variety of services is key.

Line staff training for a variety of changes in approach. This includes cross training on the program requirements and limitations of the various organizations identified; attitudinal adjustment for both staff and participants about what can be accomplished in a JOBS program; and training on ways to provide the best service for hard core/ long term recipients. This includes recruitment/retention training.

Marketing the program to the community, participants, staff and elected officials.

CHANGES IN DELIVERY OF SERVICES

Create an open, helpful process for delivery of services, not a "putting out fires" approach.

Training for Case Managers and a case management system.

Look at the linkages and resources available to create better management system for identifying staff needs.

ASSESSMENT

Explanation and knowledge on where the various tiers of assessment can be used to gain best results—basic skills, job skills and competency based.

Mutually accepted assessment process—so all service providers accept the assessment done.

PROVISION OF SERVICES

For assessment, training and basic education need clear and concise definitions of what various terms are to mean within the JOBS program.

Combine basic education and work experience when possible.

Provide training that provides small successes and rewards to encourage individuals to remain in training. Recruitment and retention are important issues.

Concerns Identified that Require Activities outside of Technical Assistance.

FUNDING

Clarify State/local match language in the regulations and take necessary steps to change it if funds must go directly to welfare agency.

Assist in providing ways to better educate State legislators about the goals and need for State funds for JOBS.

CHILD CARE

Development of child care slots is important aspect of making JOBS work. Minnesota and other States that have already put extra State money into child care are finding provision of child care a major problem, because of high demand, limited availability and resources that won't stretch far enough.

PERFORMANCE GOALS

One human service administrator said that there are three items that should be enough for accountability—did the participant learn, did they graduate, did they get a job? The "20 hour rule" and satisfactory participation do not address this.

STATEMENT OF THE NATIONAL EMPLOYMENT OPPORTUNITIES NETWORK

INTRODUCTION

The Job Opportunities and Basic Skills (JOBS) component of the Family Support Act of 1988 (FSA) is one of several strategies to integrate economically disadvantaged workers into the mainstream labor force. On behalf of the National Employment Opportunities Network, in this presentation I focus upon one fundamental issue underlying the potential long-range effectiveness of attempts to implement JOBS. That issue is the coordination of JOBS with employer incentives to hire workers attempting to obtain and maintain stable employment, notably the targeted jobs tax credit program.

The National Employment Opportunities Network is comprised of employers and community based agencies, national organizations and public interest groups, trade associations and individuals concerned with increasing the quantity and quality of employment opportunities for all Americans. We foster communication about social, political, and economic issues affecting employment opportunities, focusing particular attention upon how opportunities for structurally unemployed workers — for example, welfare recipients — are built into strategies for improving the quality of our Nation's workforce in the 1990's and beyond.

The Network contends that an effective long-range, national labor force strategy requires coordination of policies and programs, especially those involving structurally unemployed workers. As in many instances with past government programs, the critical problem in implementation is coordination of related or complementary programs.

THE ROLE OF EMPLOYER INCENTIVES IN HIRING DISADVANTAGED WORKERS

The JOBS component of FSA lacks an essential element of a comprehensive, coherent employment-and-training strategy. That element is a visible, sufficiently attractive upfront financial incentive for private sector employers to hire and attempt to integrate welfare recipients into their workplaces.

Employers require the financial incentive because without it they will incur unacceptably high costs. The reasons are well known: Welfare recipients, like many other non-traditional workers, require extraordinary efforts on the part of employers — extra and often relatively relaxed supervision, additional training, and other measures — before these individuals can be integrated into the workplace.

Such costly measures erode departmental budgets and threaten "bottom-line" oriented managers concerned with maximum productivity. The threat is clear and direct — a reduced profit-and-loss figure, costly to the company in the form of lower profitability, and costly to the manager personally in the form of reduction or elimination of a bonus.

There are many other costs associated with hiring disadvantaged workers, such as additional medical expenses typically incurred by individuals and their families who have neglected health for long periods.

As large employers have repeatedly emphasized, without the incentive of adequate cost offsets, they will be extremely reluctant to participate in programs intended to enlist disadvantaged workers in long-term private sector employment.

Fortunately, such an incentive exists — the targeted jobs tax credit (TJTC) program, which identifies individuals on public assistance/AFDC (among nine targeted groups of structurally unemployed workers) as eligible for TJTC. TJTC is popular, especially among large employers in service industries (e.g., retail, food service, lodging, and increasingly among manufacturers and other industries, especially since the elimination of the investment tax credit in 1986). In addition, TJTC has proved to be an effective marketing tool for the Job Training Partnership Act program, notably On-the-Job Training (OJT). In fact, many large employers contend that without TJTC they would not participate in JTPA and similar programs. The reason: the costs are too high.

JOB OPPORTUNITIES THROUGH TJTC

TJTC has provided employment opportunities for about 4.8 million structurally unemployed workers since its inception in 1978. Of this number, approximately 1,180,000 have been welfare recipients.

Moreover, many employers have found that TJTC-certified ex-welfare recipients remain longer on their jobs than other entry-level workers. (Data available from Borg-Warner showed that they remain three times as long, and that they generally leave to take better jobs.)

The effectiveness of the TJTC incentive in benefiting job applicants who have been welfare recipients must not be viewed simply as a function of the number of individuals placed in jobs. In addition to the many thousands of TJTC-certified individuals that employers actually hired, several times that number of disadvantaged individuals benefited from TJTC because they were seriously considered for employment by hiring managers who otherwise would have automatically excluded them from the applicant pool.

The tax credit is attractive, especially in view of the elimination of other tax credits in the 1986 Tax Reform Act.

Currently TJTC grants a tax credit of 40 percent of the first $6,000 of qualified first-year wages (maximum credit = $2,400) of workers certified by State Employment Security Agency as members of designated "target" categories. The employer may claim the credit only if the TJTC-certified employees remain on the job at least 90 days or 120 hours.

TJTC currently accomplishes the two goals envisioned by Congress:

1. TJTC induces employers actively to seek out, to hire, to train and to retain structurally unemployed workers, such as welfare recipients. These are individuals whom employers conventionally, for sound financial reasons, resist hiring, and who therefore are usually unable to obtain entry level jobs.

   Although individuals in JOBS probably will be selected for entry level jobs, without TJTC most of them will be among the last job applicants considered.

2. The modest but adequate TJTC incentive compensates employers for the additional costs. Equally important to employers -- TJTC entails minimal government red tape.

HOW THE FINANCIAL INCENTIVE AFFECTS EMPLOYER PRACTICES

The incentive to individual hiring managers is typically a cash bonus — from $25 up to $100 for each TJTC worker they hire. Alternatively, TJTC financial benefits are included in the profit-and-loss statements of the individual department or unit, resulting in a substantial bonus. Employee "longevity" bonuses also encourage managers to retain these workers.

LESSONS FROM LONG-TERM USAGE OF TJTC

TJTC has fostered many positive changes in traditional workplace attitudes, especially toward usage of government employment and training programs. In the past, employers assumed that structurally unemployed individuals were unacceptable in the workplace. TJTC, however, has encouraged employers to give serious consideration to job applicants who had traditionally been ignored or deliberately excluded from the private sector hiring pool.

Equally importantly, as employers became experienced with TJTC, the program also stimulated them to participate in other government employment-and-training programs, such as OJT. Both TJTC and JTPA have encouraged employers to make use of community-based organizations that place welfare recipients in private sector jobs. Furthermore, the economic incentives have encouraged employers to make special attempts to retain workers whom they would normally have discharged for initial substandard performance.

THE ISSUE: SHORT-TERM EXTENSIONS OF TJTC ERODE EMPLOYER CONFIDENCE

Lack of assurance about continuity of the TJTC program has seriously eroded employers' confidence in the incentive, especially in the past two years. The program was extended for only one year in 1988, and the current extension is only 9 months -- until September 30, 1990. A ten-month hiatus in 1986 was made worse by a Congressional decision to rescind a preliminary commitment to allow retroactive certifications of qualified workers that year. This was followed by a delay in Job Service processing until after the summer of 1987.

Equally important, the U.S. Department of Labor and the Internal Revenue Service have consistently failed to market the program nationwide, despite instructions from Congress to do so. This neglect has meant that many small and medium sized employers are unaware of the benefits of the program and therefore maintain barriers to employment of disadvantaged workers, especially welfare recipients.

THE CURRENT PRIORITY: LONG-TERM RENEWAL OF TJTC TO STRENGTHEN JOBS

Various administrative flaws aside, the chief problem is short-term extension of the program. A multi-year extension is essential to buttress the JOBS program.

S. 720, the Boren-Heinz bill, would extend the program for three years; S. 2025, introduced by Senator Heinz, would extend the program permanently.

Once the program is extended, a nationwide effort should be made to market TJTC throughout the private business sector in close conjunction with the JOBS program. This marketing campaign should make maximum use of untapped resources such as the Private Industry Councils established under JTPA, as a marketing tool for the JOBS program.

On behalf of the Network, I urge that Congress apply the lesson learned from a decade of experience demonstrating the power of TJTC to increase employment opportunities. 1.2 million welfare recipients hired in private sector jobs is a lot of workers. With an adequate effort to market and coordinate the JOBS and TJTC programs, this number could be multiplied many times.